CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

Prepared By:
Administrative Services Department

Janet Kindelberger
City Clerk

CITY OF DECATUR, GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

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City of Decatur

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December 12, 2011

To the Members of the City Commission and Residents of the City of Decatur, Georgia:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with these standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Decatur, Georgia (the City) for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management staff has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Mauldin & Jenkins, LLC, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Decatur, Georgia's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with provisions embodied in the annual appropriated budget approved by the City Commission. Activities of the general fund, special revenue funds and debt service funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established by function within an individual fund (e.g., at the department level in the general fund).

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Decatur, Georgia's separately issued Single Audit Report.

GAAP requires that management provide that a narrative introduction, overview, and analysis accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Decatur, first chartered as a municipality by the State of Georgia in 1823, provides a full range of municipal services. These services include public safety (police and fire protection, inspections, housing codes enforcement, etc.), public works (streets and sidewalk construction and maintenance, storm drainage construction and maintenance, refuse collection, street sweeping, etc.), parks and recreation, the operation of a municipal cemetery and community and economic development. In addition, the City of Decatur owns a 280-space parking facility and a 25,000 square foot conference center.

The City currently occupies a land area of approximately 4.3 square miles and serves an estimated population of 19,335. The City is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Decatur operates under the commission-manager form of government. There are five City Commissioners, elected in nonpartisan elections, for overlapping four-year terms. Elections are held on the first Tuesday after the first Monday in November in odd-numbered years. In one election, three City Commissioners are elected – one at-large, one from District 1 (north) and one from District 2 (south). At the next election, two City Commissioners are elected - one from District 1 (north) and one from District 2 (south). At its organizational meeting in January of each year, the City Commission elects one of its members to be the Mayor/Chair of the City Commission. At that same meeting the City Commission also elects a Mayor pro tem/Vice-Chair. It is the responsibility of the Mayor to preside at all meetings of the City Commission. The Mayor has no veto power but retains the right to vote on all matters brought before the City Commission.

The City Commission is the legislative and policy making arm of the City government. It is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, task forces and commissions, hiring the City Manager and appointing the City Attorney and municipal court judges. The City Commission appoints a professional administrator known as the City Manager who serves at its pleasure. The City Charter designates the City Manager as the Chief Executive Officer and the Chief Administrative Officer of the City. The City Manager is responsible for carrying out the policies and ordinances of the City Commission, for overseeing the day-to-day operations of the government and the appointment of all employees except that the appointment of department heads is subject to confirmation by the City Commission. All disciplinary action is the responsibility of the City Manager in accordance with the Personnel Rules and Regulations adopted by the City Commission. The current City Manager has served since May, 1993.

The Georgia General Assembly first adopted the City Charter, under which the City operates, in 1909. In 1920, the General Assembly amended the Charter to provide for the commission/manager form of government. In 1977, acting under its home rule authority, the City recodified and revised its Charter to delete obsolete sections, to clarify meanings and to generally bring the Charter up-to-date. The Charter was updated again in 2001.

The annual budget serves as the foundation for the City’s financial planning and control. All agencies are required to submit departmental budget requests to the City Manager or her designee by the first week of March. These requests are the starting point for developing the proposed budget.

The proposed budget is presented to the City Commission on the third Monday in May. The operating budget includes the proposed expenditures and the means for financing them. The City publishes the proposed budget in the official legal organ, other community newspapers, makes copies available to the residents of the City and posts the proposed budget on the City's website. Public hearings on the proposed budget are held during the month of June. The budget is then legally enacted through the passage of a resolution by the City Commission normally on the third Monday in June but no later than June 30th, the close of the fiscal year.

Budgetary control is exercised at the departmental level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commission.

Budget-to-actual comparisons are provided in this report for the general fund. This comparison is presented on page 24 as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

The City of Decatur is the seat of DeKalb County, a large, urban county in the Atlanta metropolitan area. With its central location within the county and as the location of county offices and the court system, Decatur's economy is primarily a service economy. Legal, banking, medical, insurance, accounting, governmental and educational services are the mainstay of this economy. The essential nature of these services provides a solid basis for the City's economic well-being.

Real Estate Digest

The City's overall 2011 real estate property digest was essentially flat compared to 2010 digest; nevertheless, the 2011 values still exceed 2008 values by three percent (3%). The digest did see some increases in value from new occupancy and from renovations to existing buildings; however, a decrease in the real property digest due to reevaluation, particularly from commercial properties, negated any growth. The stability in the City's real property digest is an asset compared to the significant decreases in value seen in other nearby jurisdictions.

We are anticipating a relatively flat property digest for 2012 in due to continuing real estate market conditions. There is potential for some growth in the coming fiscal years as Georgia HB 233 which froze real property values at 2009 levels through 2011 has expired.

Residential Activity

The residential housing market is stable. Several in-fill single-family dwellings are under construction. We continue to issue permits for renovations to existing single-family housing units and for some commercial properties. Overall, permit and inspection fees increased 76% during fiscal year 2010-2011. Sales of existing housing stock have increased 13% in 2011 compared to sales in 2010, although the average residential house price has decreased slightly from $362,700 to $359,000. However, unlike some national and metropolitan Atlanta markets, the City's overall residential property appears to have stable values and residential properties remain desirable.

We do not expect significant new multi-family residential development in the next 18-24 months. Proposed developments at 233 East Trinity Place (210 apartments), 315 West Ponce de Leon Avenue (160 apartments) and 432 East Howard Avenue (57 dwellings) have received plan approval but have not applied for permits.

Commercial Activity

In addition to government-related employers, mainly DeKalb County, the City's employer base continues to be centered on professional occupations. Vacancy rates for available office space in the City of Decatur are generally much lower than in surrounding office market areas and are similar to the past several years. CCP Games has leased 40,000 square feet in the Renaissance Building located at 250 East Ponce de Leon Avenue to relocate their North American headquarters to the City of Decatur. We expect that they will become a major employer in the years to come. Interest in restaurant activity continues to be constant in the central business district while activity in other commercial activities remains stable. Retail interest has slowed over the past few years in reaction to the slower economy.

The Oakhurst Business District is stable and steady given the size and scope of the area. Turnover has been limited and some additional businesses have opened. The City's Fire Station Number 2, a 4,800 square foot LEED-certified building, is located in the business district and provides an institutional presence in the community. The Oakhurst Business District continues to provide a strong local commercial center for the surrounding neighborhood.

Activity along the East College Avenue corridor remains constant, including East Decatur Station, a 70,000 square foot mixed-use property that currently contains a regional theatre company, a small church facility, a hair salon, a number of professional offices and eating establishments.

Mixed-Use Activity

Development of mixed-use projects has provided a robust vitality to the City's central business district since the early 2000's. Occupancy of mid-rise residential developments continues to be strong. Rental of downtown Decatur's commercial properties has been consistent. Existing projects have completed all phases of construction and appear to be strong financially. However, new development has slowed significantly consistent with financing and market conditions.

A private developer has assembled several pieces of property at the end of the block bordered by East Trinity Place and East Howard Avenue. A plan to redevelop this property as a mixed-use development that includes 210 units of rental apartments and 25,000 square feet of commercial space has been approved. The developer continues to seek project financing.

It is anticipated that there will continue to be a temporary lull in mixed-use development activity for the next eighteen to twenty-four months as the credit and financial markets rebound.

Institutional Activity

Agnes Scott College, a four-year liberal arts college for women, remains financially healthy with an enrollment of approximately 1,000 students. Columbia Theological Seminary, a Presbyterian graduate institution, remains financially strong. It has completed a comprehensive campus master plan and construction of a new classroom building is underway.

The City Schools of Decatur has completed the majority of a $30 million construction program, including construction of the new Fourth/Fifth Academy which opened in August, 2011. With the passage of an extension of the special purpose local option sales tax for education capital construction, the City Schools will be continuing to build, renovate and maintain facilities over the next five-year period.

The Decatur Housing Authority (DHA) is in the midst of redevelopment of the Allen Wilson Terrace public housing complex. The total project includes demolition and reconstruction of a total of 190 units of public housing as well as development of 145 new market rate condominium dwellings in four phases. Phase 1, including 40 units of townhouses and apartments, has been completed. Currently a four-story 80-unit apartment building for senior residents is under construction.

MAJOR ACTIVITIES

In March, 2011, the City Commission adopted a second ten-year strategic plan for the City of Decatur. The plan was the result of a year-long planning process that incorporated input from over 1,500 individuals. The plan relies on four principles to support the community based vision that the City of Decatur will assure a high quality of life for its residents, businesses and visitors, both today and in the future. The plan consists of 89 tasks to be accomplished by 2020 and provides the blueprint for how the City will prioritize its work program and allocation of assets over the next ten years.

In September, 2006, voters approved issuance of $33,245,000 in general obligation debt to finance major capital improvement projects for the City and for the City Schools of Decatur. In December, 2006, Moody's Investors Service issued a rating of Aa3 and Standard & Poor's upgraded the City's rating to AA from A+ for the bonds. The bonds were issued in January, 2007. In July, 2009 the City issued $5,900,000 in general obligation sales tax bonds on behalf of the City Schools of Decatur. At that time, the City's bond ratings were reconfirmed.

The City's portion of the 2007 bond issue proceeds was approximately $16,653,000. A number of projects have been completed, including phase I and almost all of phase II of city-wide sidewalk improvement program, reconstruction of a swimming pool at McKoy Park, installation of a wayfinding signage system, reconstruction of Fire Station Number 2, acquisition and demolition of flood-prone properties located on Westchester Drive, construction of a new pool bathhouse at Glenlake Park and general improvements to the park, renovations to the Cemetery Office and implementation of the Decatur Cemetery Master Plan, and installation of bike lanes and traffic calming activities along West Ponce de Leon Avenue and West Trinity Place. Remaining funds have been allocated to providing the City's required match for the Oakhurst Streetscape Improvements program, construction of Phase V of the Downtown Streetscapes Master Plan, and improvements to the Candler/McDonough/Howard corridor.

In December, 2010 the Urban Redevelopment Agency of the City of Decatur issued $12,793,800 in Recovery Zone Economic Development Bonds to cover the cost of construction of improvements to the Decatur Recreation Center, Fire Station No. 1 and the Decatur Public Works facility. Prior to issuance of the bonds, Standard and Poor's upgraded the City's rating from AA to AA+ and Moody's Investors Service confirmed the City's rating at Aa3. Work has begun at Fire Station Number 1 and construction should begin at the Decatur Recreation Center before the end of 2011. We anticipate that construction will begin at the Decatur Public Works facility by mid-2012. The debt will be repaid using a variety of sources including tax proceeds from the Capital Improvement Fund, reallocating existing expenditures for rental of office space that will no longer be needed and ultimately from proceeds of the Homestead Option Sales Tax.

The City has secured grant funding for the North McDonough Streetscape Improvements project as well as for Clairemont/Commerce/Church Street Pedestrian Safety and Bicycle Trail Improvements.

Improvements to the City's storm drainage system have begun using funds from the City's storm water utility. The City has completed a comprehensive storm drainage master plan to guide major capital improvements to the City's drainage system. It is anticipated that in conjunction with private and institutional construction projects in the central business district, the City will be looking to finance substantial capital improvements through the storm water utility in the next several years.

Future projects which currently remain unfunded include the renovation and expansion of the Beacon School for public safety, recreational and cultural facilities and a variety of transportation and park improvements.

Hotel/motel tax proceeds had been used to pay a portion of the debt service related to construction of the conference center and parking deck and since that debt was satisfied, the hotel/motel tax has been used to fund maintenance and improvements to the conference center and parking deck; to fund the Decatur Tourism Bureau, a 501 (C)(6) organization whose purpose is to encourage visitors and tourism in the City of Decatur; and, to provide resources to the City's General Fund. For accounting purposes the auditors have determined that the Decatur Tourism Bureau should be treated as a component unit, similar to the City Schools of Decatur and the Decatur Downtown Development Authority.

The City owns a 25,000 square foot conference center and a 280-vehicle, three-level parking deck which were built in 1987 adjacent to a 182 room hotel which was built the same year but has been privately owned. In 2011, the hotel property was sold to Noble Investment Group, who has begun extensive renovation to the hotel property with plans to re-open in February, 2012 as a Courtyard by Marriott.

At the same time as the hotel sale, the City entered into a long-term lease with the Decatur Downtown Development Authority (DDA) for operation and management of the conference center and parking deck. The DDA entered into a sub-lease with the Noble Investment Group for management and operation of the conference center, including significant capital renovations and upgrades. Future hotel/motel tax collections for the upkeep and maintenance of the conference center will be placed in a reserve account to be used by the Noble Group for maintenance of the facility. That will be the only public financial obligation for operation, maintenance and capital improvements for the conference center.

The DDA will continue to manage the parking and is currently accepting proposals to operate and manage the deck.

The City's volume-based sanitation collection system continues to work very well. The number and types of items collected have expanded since inception of the City's recycling program. The City currently has reduced landfill deposits by approximately 41%, well in excess of the State of Georgia's goal of a 25% reduction. The program has been an overwhelming success. The City sponsored two electronics recycling events during the past year which resulted in over 57 tons of electronic equipment being recycled and not sent to the landfill. Since starting the electronics recycling program in 2005, the City has collected 482 tons of electronic equipment to be recycled.

In 2007, the City's ISO Fire Rating was renewed at the Class 2 level, a rating that is only obtained by 1.5% of all the Fire Departments in the United States. The Police Department is certified through the Georgia Association of Chiefs of Police. The City has implemented a reverse emergency notification system and a severe weather warning system that allows the City to send recorded telephone messages to residents and businesses regarding emergency situations. A grant from the Federal Emergency Management Agency provided for the purchase and installation of four weather warning sirens. The City is currently exploring the option of implementing a Smart 911 system to assist residents and businesses with voluntarily providing additional information to emergency services staff.

In 2010, the City of Decatur was awarded two grants from the federal Energy Efficiency and Conservation Block Grant program (EECBG). This was a program created by the 2009 American Recovery and Reinvestment Act (ARRA).

The first grant was received jointly by the City of Decatur, City of Dunwoody, and the City of Chamblee from the Georgia Environmental Facilities Authority (GEFA). Grant funds have been used by the City of Decatur to train metro-Atlanta code officials on how to enforce Georgia's new Residential and Commercial Energy Codes; and, to support a summer internship position. The remainder of the grant funds will be spent by the City for improvements

to the Decatur Glenlake Tennis Center, and, to support a small commercial energy efficiency rebate program that will be offered to Decatur-based organizations and institutions to increase their energy efficiency.

For the second grant, the Southeast Energy Efficiency Alliance (SEEA) was the lead applicant for a joint application of cities across the entire Southeast region of the country. These funds have been used to establish a residential energy efficiency rebate program called DecaturWISE (Wise Investments Save Energy) program.

DecaturWISE was launched in April 2011, and works in conjunction with Georgia Power's EarthCents program to offer residents the ability to receive up to $3,400 in rebates for home performance improvements. It is anticipated that rebates for up to 55 residences will be fully distributed before January 2012. In addition, funds from this grant were used to retrofit four homes as part of the Martin Luther King Jr. Service Project.

Finance and budgeting staff have been awarded a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for every Comprehensive Annual Financial Report since 2005.

In previous years, the financial activities of the Board of Education of the City Schools of Decatur, Georgia were included as a discretely presented component unit. However in May, 2011, the City Commission approved transferring title of the school properties to the Board of Education. Combined with other distinct responsibilities and powers, it was determined that the financial activities of Board of Education were independent of the City of Decatur so they are no longer included in the City's financial reporting.

LONG-TERM FINANCIAL PLANNING

In 1998, the City of Decatur entered into an intergovernmental agreement with DeKalb County for the equalization of tax proceeds from the imposition of the Homestead Option Sales Tax (HOST). In 1999, the City received its first distribution; however, the City disputed the County's method of determining the distribution and the matter was litigated until July, 2011, when the Georgia Supreme Court confirmed a lower court's ruling invalidating the intergovernmental agreement.

The City is now eligible for an on-going stream of future payments sent directly from the Georgia Department of Revenue as described in O.C.G.A. 48-8-104(d)(3). Payments have begun during the current 2011-2012 fiscal year. The total amount expected for this year is approximately $2,300,000.

Two factors outside the City's control have the most potential to affect the City's overall financial position in the future. The Georgia General Assembly has enacted legal limitations on the growth of the real estate digest that prevent both residential and commercial real estate values from increasing. The limitation does not apply to a decrease in values. The legislation's provisions expired with the 2011 real estate digest. However, there continue to be indications that the legislature may take further actions which could restrict taxes collected based on the value of real property. There are also indications that the legislature may look to restrict other revenue sources that local governments use to finance services.

Other impacts on the City's financial statements which are beyond our control have primarily occurred due to pronouncements of the Governmental Accounting Standards Board (GASB). Although GASB has no legal authority to impose financial obligations, they have adopted rules that, in effect, manufacture financial commitments for governments. GASB's most recent rule requiring accounting for other post employment benefits (OPEB's) is an example of an "obligation" that must be accounted for in financial statements and results from because GASB's unrealistic definition of a "pay-as-you-go" system of benefits funding.

In spite of the current economic, regulatory and legal challenges, the City continues to be financially secure. The City takes a conservative approach to budgeting and finance, with an emphasis on estimating expenses on the high-end and estimating revenues on the low-end. This has resulted in controlled expenditures with low to moderate growth. This has also allowed the City to contribute to fund balance over the years, including being able to contribute over $1,300,000 at the end of fiscal year 2009-2010.

While there will continue to be demands, we currently anticipate being able to manage for the next several fiscal years by using a combination of expenditure controls and fund balance transfers. Recommendations to increase property tax rates would only be considered based on meeting the community's service delivery demands.

ACKNOWLEDGEMENTS.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of the Department who assisted and contributed to the preparation of this report. Credit also must be given to the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Decatur, Georgia's finances.

Respectfully Submitted,

Peggy Merriss
City Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Decatur
Georgia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Esser

Executive Director

CITY OF DECATUR, GEORGIA

PRINCIPAL OFFICIALS

June 30, 2011

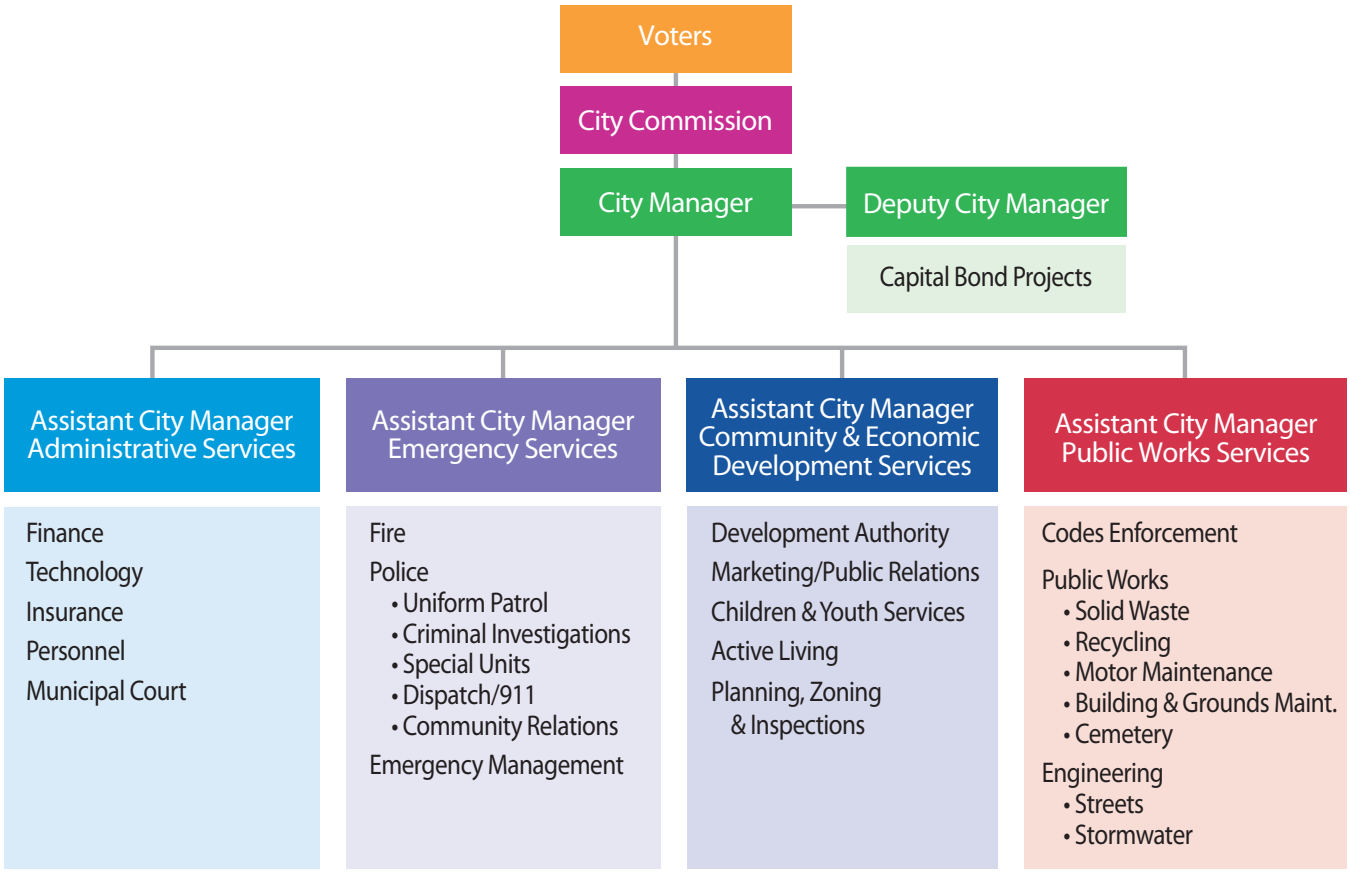
CITY COMMISSION

Bill Floyd	Mayor
Jim Baskett	Mayor Pro-Tem
Fred C. Boykin, Jr.	Commissioner
Kecia Cunningham	Commissioner
Patti Garrett	Commissioner

APPOINTED ADMINISTRATIVE OFFICIALS

Peggy Merriss	City Manager
Hugh Saxon	Deputy City Manager
Bryan Downs	City Attorney
Andrea Arnold	Assistant City Manager - Administrative Services
Lyn Menne	Assistant City Manager - Community & Economic Development
David Junger	Assistant City Manager - Public Works
Tony Parker	Assistant City Manager – Emergency Services
Janet Kindelberger	City Clerk

City Organization



FINANCIAL SECTION

MAULDIN & JENKINS
CERTIFIED PUBLIC ACCOUNTANTS, LLC

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
Of the City Commission
City of Decatur, Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Decatur, Georgia** as of and for the year ended June 30, 2011, which collectively comprise the City of Decatur, Georgia's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Decatur, Georgia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Decatur, Georgia as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, the Emergency Telephone System Fund and the Children and Youth Services Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, the City of Decatur, Georgia implemented Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of July 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011 on our consideration of the City of Decatur, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 18) and Schedules of Funding Progress and Employer Contributions (on pages 69 through 71) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Georgia's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Decatur, Georgia's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Mauldin & Jenkins, LLC

Atlanta, Georgia
December 1, 2011

CITY OF DECATUR, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Decatur (the "City"), we offer readers of the City of Decatur's financial statements this narrative overview and analysis of the financial activities of the City of Decatur for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, financial statements and footnotes.

Overview of the Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR) is presented in three distinct sections:

- An Introductory Section which includes the Letter of Transmittal and general information;
- Financial Section which includes the Independent Auditor's Report, Management's Discussion and Analysis, Government-wide and Fund Financial Statements, along with Notes to these statements; and
- Statistical Section

Financial Highlights

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $8,975,065 (net assets). Of this amount, ($9,263,468) (deficit unrestricted net assets) may be used to meet the government's ongoing obligations.

In September 2006, Decatur voters approved a bond referendum that provided the City of Decatur and City Schools of Decatur with $33,245,000 for large capital improvement projects. This was the first general obligation debt for the City since 1955 and for the school system since the late 1950s. The bonds were issued in January 2007. Of the overall bond issue, $16,500,000 was transferred to the school system. During this fiscal year, approximately $2,800,000 was spent on capital bond projects including major improvements at the Decatur Cemetery, construction of Phase II of the sidewalk construction program, and installation of the West Ponce de Leon Avenue/West Trinity Place bicycle lanes.

In July 2009, the City issued $5,900,000 in general obligation sales tax notes on behalf of the City Schools of Decatur for capital projects within the school system. The primary payment source is the one percent sales and use tax for educational purposes collected within DeKalb County. The secondary payment source is state appropriations from the Georgia State Board of Education. If proceeds are not sufficient from those sources, the notes are payable from ad valorem taxes. The final payment on the notes is due January 2013.

In December 2010, the Urban Redevelopment Agency of the City of Decatur issued $13,760,000 in recovery zone economic development bonds for major improvements to fire station #1, Decatur recreation center and the public works facility.

The net assets decreased by $61,877,042 primarily due to the transfer of assets from the City of Decatur to the City Schools of Decatur in the form of a title transfer of school property.

The City had $25,084,918 in expenses related to governmental activities and $5,856,225 or 23% of these expenses were offset by program specific charges for services, grants or contributions. General revenues were $18,183,701 and $14,571,294 or 80% of these revenues were from property taxes.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $35,032,202, an increase of $8,910,868 in comparison with the prior year. A majority of the increase is due to the addition of the Urban Redevelopment Agency Fund which accounts for the bonds that were issued in December 2010. At the end of the current fiscal year, unassigned fund balance for the general fund was $6,965,455 or 38% of total general fund expenditures. This amount is available for spending at the government's discretion as it is unassigned fund balance as defined in the City's financial policies and in accordance with Statement 54 of the Governmental Accounting Standards Board (GASB). The general fund's overall fund balance, including nonspendable, restricted, committed, assigned and unassigned balances, increased by $655,403 to $8,360,136.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the City's overall financial status.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as total net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the City's overall health, the reader needs to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cashflows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, education, public safety, public works and recreation. The business-type activities of the City include the conference center and parking deck, the stormwater utility and solid waste.

The government-wide financial statements include not only the City itself (known as the primary government), but also two discretely presented component units, the Downtown Development Authority and the Decatur Tourism Board. Upon the transfer of the school assets, the City Schools of Decatur is no longer reportable as a component unit. Financial information for the component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 19 and 20 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Emergency Telephone System Fund, Children and Youth Services Fund, 2007 Bonds Fund, URA Bonds Fund and Debt Service Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 21 through 26 of this report.

Proprietary funds. The City maintains three enterprise funds in the proprietary fund group. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Decatur uses enterprise funds to account for its Conference & Parking Deck activities, the Stormwater Utility and for Solid Waste functions.

The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30 and 31 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 through 68 of this report.

Government-wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Decatur, Georgia, assets exceeded liabilities by $8,975,065 at the close of the most recent fiscal year. Following is a description of the City's net assets (in thousands) as compared to the previous year.

City of Decatur Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Assets						
Current assets	$ 23,153	$ 36,355	$ 3,419	$ 3,839	$ 26,572	$ 40,194
Capital assets	85,838	27,996	4,820	4,481	90,658	32,477
Other non-current assets	5,995	1,427	58	54	6,053	1,481
Total assets	114,986	65,778	8,297	8,374	123,283	74,152
Liabilities						
Long-term liabilities	47,810	60,712	616	724	48,426	61,436
Other liabilities	2,547	2,282	1,458	1,459	4,005	3,741
Total liabilities	50,357	62,994	2,074	2,183	52,431	65,177
Net Assets						
Invested in capital assets, net of related debt	52,582	12,718	4,754	4,448	57,336	17,166
Restricted	663	1,073	-	-	663	1,073
Unrestricted	11,384	(11,007)	1,469	1,743	12,853	(9,264)
Total net assets	$ 64,629	$ 2,784	$ 6,223	$ 6,191	$ 70,852	$ 8,975

The largest portion of the City's net assets reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services; consequently, these assets are not currently available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining portions of the City's net assets are either restricted $1,072,811 or unrestricted deficit $(9,263,468). The negative unrestricted net assets result from the city's 2007 general obligation bond issue for city and school capital projects. The city incurred $33,245,000 in long-term debt of which $16,500,000 was transferred to the school system. With the transfer of title to the school system, the capital assets related to the school portion of the bond issue are not reported on the city's statement of net assets, thus resulting in the negative unrestricted net assets. At the end of the current fiscal year, the City is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its business-type activities, with the exception of the Solid Waste Fund and the deficit explained above. The current goal is to eliminate the remaining negative net asset balance in the Solid Waste Fund in future years.

Changes in Net Assets

At the conclusion of fiscal year 2010-2011 the City's total net assets decreased by $61,877,042. This is primarily due to the transfer of assets to the City Schools of Decatur for the school land and buildings.

The following schedule presents a summary of changes in net assets for the fiscal year ending June 30, 2011 (in thousands).

City of Decatur Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Revenues						
Program revenues:						
Charges for services	$ 4,354	$ 4,908	$ 3,235	$ 3,295	$ 7,589	$ 8,203
Operating grants & contributions	320	324	-	-	320	324
Capital grants & contributions	10,474	624	-	-	10,474	624
General revenues:						
Property taxes	15,135	14,571	-	-	15,135	14,571
Franchise taxes	1,377	1,466	-	-	1,377	1,466
Sales taxes	617	694	-	-	617	694
Other taxes	1,394	1,397	-	-	1,394	1,397
Investment earnings	151	55	-	-	151	55
Gain on sale of capital assets	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	33,822	24,039	3,235	3,295	37,057	27,334
Expenses						
General government	6,804	6,950	-	-	6,804	6,950
Education	2,071	-	-	-	2,071	-
Public safety	10,511	9,647	-	-	10,511	9,647
Public works	3,883	3,731	-	-	3,883	3,731
Recreation	3,041	2,887	-	-	3,041	2,887
Interest on long-term debt	1,678	1,869	-	-	1,678	1,869
Conference center	-	-	325	314	325	314
Stormwater	-	-	713	592	713	592
Sanitation	-	-	2,154	1,979	2,154	1,979
Total expenses	27,988	25,084	3,192	2,885	31,180	27,969
Income (Loss) before transfers and special item	5,834	(1,045)	43	410	5,877	(635)
Transfers	371	442	(371)	(442)	-	-
Special item	-	(61,242)	-	-	-	(61,242)
Change in net assets	6,205	(61,845)	(328)	(32)	5,877	(61,877)
Net assets beginning of year	58,424	64,629	6,551	6,223	64,975	70,852
Net assets end of year	$ 64,629	$ 2,784	$ 6,223	$ 6,191	$ 70,852	$ 8,975

Revenues

Governmental charges for services increased by approximately ($554,000) or (13%) over the prior year. Activity areas realizing increases were in general government, public safety and recreation. General government charges for services increased thirty-five percent with much of that due to increases in development-related fees. Operating grants and contributions remained stable with only a slight increase of $4,061. Capital grants and contributions decreased ($9,850,000) or 94% due to the elimination of any contributions of school facilities to the general government by the Decatur school system. Property taxes, including real estate and personal property, decreased $564,000 or approximately 3.7% from the prior year. This decrease reflects the one-time tax credit for residential property owners for the 2010 tax year in the amount of $71.50 per parcel. Otherwise, tax revenue would have been stable since the 2010 digest remained flat compared to the 2009 tax digest. Franchise taxes increased just over six percent with the addition of video service franchise taxes as authorized under O.C.G.A. 36-76-3 (a) (1). Sales and other taxes increased four percent with increases seen in alcohol sales, intangibles and property transfer taxes.

Expenses

General Government expenses increased $146,000 or 2.2%. Public Safety expenses decreased $864,000 or 8%; Public Works expenses decreased $152,000 or 4%; Recreation expenses decreased $154,000 or 5%. The increase in General Government is due primarily to the costs associated with the City's ten-year strategic plan. The decreases in other department expenses are mostly related to personnel-related reductions. The special item of $61,242,000 reflects the title transfer of the school properties.

Conference Center expenses decreased $11,000 because repair and maintenance costs were lower than the prior year. Sanitation expenses decreased $175,000 due to lower personnel, solid waste disposal and capital outlay costs. Stormwater expenses decreased $121,000 primarily due to lower personnel costs.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned and assigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year or for use during the fiscal year to balance cash flow needs.

As of the end of the current fiscal year, the City of Decatur, Georgia's governmental funds reported combined ending fund balances of $35,032,202, an increase of $8,910,868 in comparison with the prior year. Approximately twenty percent of the total amount, $6,965,455, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance ($28,066,747) is within the following classifications: $1,587,805 is nonspendable which means that it is not available for new spending because it is a non-cash asset such as inventories, prepaid items or advances; $22,644,070 is restricted which means that it is legally restricted for specific purposes. Specifically, this fund balance is restricted for 1) capital construction ($17,565,950); 2) equipment purchases ($705,249); 3) debt service, including school construction ($3,948,822); 4) law enforcement ($11,993), 5) Public Safety-E911 ($330,933); 6) tourism ($81,123). $1,062,227 is committed which means it can only be used for specific purposes pursuant to a formal vote of the City Commission. Fund balance is committed for 1) tree preservation ($39,702) and 2) Children and Youth Services ($1,022,525). $2,772,645 of fund balance is assigned which is any amount intended to be used for specific purposes as determined by the City Manager. Fund balance is assigned for 1) greenspace acquisition ($12,045); 2) equipment purchases ($1,425,257); 3) cemetery operations ($40,843); and 4) fiscal year 2011-2012 operations ($1,294,500).

The general fund is the chief operating fund of the City of Decatur, Georgia. At the end of the current fiscal year, the fund balance of the general fund was $8,360,136, while the total fund balance for all governmental funds reached $35,032,202. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents thirty-eight percent of total general fund expenditures.

The table below compares general fund revenues and expenditures for 2010 and 2011 (in thousands).

	2010	2011	$ Increase (Decrease)	% Increase (Decrease)
Revenues				
Taxes	$ 15,468	$ 15,021	$ (447)	% (3)
Licenses & permits	481	730	249	52
Intergovernmental	289	353	64	22
Fines & forfeitures	767	1,039	272	35
Charges for services	1,259	1,313	54	4
Interest income	13	7	(6)	(46)
Other revenues	142	124	(18)	(13)
Total revenues	18,419	18,587	168	1
Expenditures				
General government	5,380	6,021	641	12
Public safety	7,614	7,644	30	-
Public works	3,139	3,170	31	1
Recreation	1,361	1,346	(15)	(1)
Total expenditures	17,494	18,181	687	4
Excess of revenues over expenditures	925	406	(519)	(56)
Other financing sources (uses)				
Proceeds from sale of capital assets	-	3	3	100
Transfers in	737	746	9	1
Transfers out	(660)	(500)	(160)	(24)
Total other financing sources (uses)	77	249	(148)	(2)
Net change in fund balances	1,002	655	(347)	(35)
Fund balances, beginning of year	6,691	7,705	1014	15
Fund balances, end of year	$ 7,693	$ 8,360	$ 667	% 9

General Fund Revenues

Revenue from taxes decreased approximately $447,000 or three percent less than the prior year as a result of the one-time tax credit on the final 2010 real property tax bill. Licenses and permits increased $249,000 or 52% as building permits increased with residential new construction and renovations. Also, the City started to provide electrical inspections which resulted in additional inspection fees. Intergovernmental revenues increased $64,000 or 22% as a result of a $50,000 grant from the Atlanta Regional Commission towards the strategic plan and a slight increase in management fees charged by the City to the Decatur Downtown Development Authority. Fines and forfeitures experienced an increase of $272,000 or 35% which reflects a reduction in police officer vacancies as well as an increase in court fines starting March 2011. Charges for services increased $54,000 or 4% as participation increased in Active Living programs, facility rentals increased and through higher collections from parking meters. Interest income decreased $6,000 or 46% as available interest rates continued to decline.

General Fund Expenditures

Overall general fund expenditures increased $687,000 or 4% from the prior year. Much of the increase can be attributed to the costs related to the ten year strategic planning process and the addition of a private contractor to perform building inspections. Gasoline and some utility expenditures were higher than anticipated. Overall personnel services expenditures were lower in this fiscal year. General Government expenditures increased $641,000 or 12% due to the strategic plan, outsourced development services and certain utilities. Public Works, Public Safety and Recreation expenditures remained flat.

Transfers from other funds increased slightly from $737,000 to $746,000 which reflects a slight increase in the Solid Waste Fund overhead costs, a slight decrease in the Stormwater Fund overhead costs and an increase in hotel/motel tax being distributed to the general fund. Before accounting for transfers, revenues exceeded expenditures by $406,800 with an additional $246,603 realized in revenue after transfers for a total increase to fund balance of $655,403.

Other Fund Activities

Emergency Telephone System Fund. In fiscal year 2003-2004 the Emergency Telephone System Fund was created to account for receipts from the E-911 and wireless E-911 telephone charges and for expenditures to maintain and operate an E-911 communications center. In fiscal year 2011, the fund balance decreased $75,999 to $330,933 or 40% of the total expenditures. In April 2008, an E911 wireless fee of $1.50 was added to voice over Internet protocol (VOIP) connections to be effective in August 2008. The General Fund transferred $200,000 to this fund to meet operational needs.

Children and Youth Services Fund. This fund was created in 2009 to account for after school programs and summer camps offered to elementary and middle school age children. Transfers from the General fund and Grant fund of $300,000 and $62,322, respectively, were made to continue operations in this fund. In fiscal year 2011, the fund balance increased $83,668 to $1,025,442.

2007 Bonds Fund. The 2007 Bonds Fund accounts for the $33,245,000 in general obligation bonds that were issued in 2007. Of this amount, $16,500,000 was transferred to the City Schools of Decatur for capital projects and the balance remains for city-related capital projects. The fund balance increased to $6,195,389. Major capital outlay projects in fiscal year 2011 included cemetery improvements, sidewalk construction and repair and the installation of bicycle lanes on West Ponce de Leon Avenue and West Trinity Place. The purpose of the 2007 Bonds Fund is to provide for construction of major capital improvements and to purchase capital equipment items for operating departments.

URA Bonds Fund. The URA Bonds Fund accounts for the $13,760,000 in recovery zone economic development bonds that were issued in December 2010 by the Urban Redevelopment Agency of the City of Decatur. The fund was created in 2010 to account for the capital expenditures from the URA bonds. The fund balance ended at $11,771,334. These funds will finance major improvements to fire station #1, Decatur Recreation Center and the public works facility.

Debt Service Fund. The Debt Service Fund's fund balance decreased by $1,556,331 to $4,657,894 all of which is restricted for the payment of debt service. The fund balance is used to cover cash flow needs for debt service payments for the general obligation bonds issued in 2007. The final debt payments for the conference center were made in fiscal year 2009. The fund balance was created due to accounting principles which required the school system's 2009 sales tax notes of $5,900,000 to be reflected on the City's financial statements, although the City never possessed the funds and the school system is responsible for paying back the debt with sales tax revenue. It is anticipated that the school system will complete the debt payments for the 2009 sales tax notes in fiscal year 2013.

The activities of other non major governmental funds can be found on pages 72 and 73.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City maintains three enterprise funds that account for activities of the city that are operated in a business fashion. Those funds include the Conference Center and Parking Deck Fund, the Stormwater Utility Fund and the Solid Waste Fund.

Conference and Parking Deck Fund. Revenue from charges for services for the conference center and parking fund were comparable with the prior year with a slight decrease from the prior year ($2,945). Expenses for sales and services decreased ($11,094) as less major maintenance expenses were necessary in the current year. Depreciation expenses remained the same. This fund received $97,031 in hotel/motel tax distributions which helped to offset the operating loss of this fund. The City entered into a long term management services agreement with the Downtown Development Authority (DDA) for the conference center and parking deck. The DDA sublet the management of the conference center and the DDA will manage the parking deck.

Stormwater Utility Fund. The total net assets increased by $59,356 to $3,371,164. Revenue from stormwater fees increased $59,770 or 6% due to strong collection efforts. Expenses decreased $120,356 or 17% primarily due to lower personnel costs. Over the next 18-24 months, the City will be pursuing various capital funding opportunities, including the use of revenue bonds in order to complete projects contained in the stormwater master plan.

Solid Waste Fund. Revenues in this fund were unchanged from the prior year. In March 2011, the City Commission approved an increase in the single-family residential fee from $228 to $233 which is still below the 2008 annual fee of $235. Rate increases were also approved for the 95 gallon carts and 3 cubic yard containers. Operating expenses decreased $174,576 or 8% due to lower personnel costs and reduced solid waste disposal costs. Total net assets improved by $43,740 which reduced the fund deficit to ($227,166). The solid waste fund continued a positive cash position with cash balances at June 30, 2011 of $1,172,153. The Public Works staff continues to analyze costs and service charges to confirm that fees charged cover the cost of services delivered as well as developing alternative service delivery options to reduce costs and to reduce the deficit in total net assets.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The primary fiduciary fund is the Pension Trust Fund that holds assets to be used for paying pension obligations of city employees. The Pension Trust Fund had a net increase of $4,068,911 to net assets during fiscal year 2010-2011 contrary to anticipated market forces.

General Fund Budgetary Highlights

The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual, can be found on page 24. The original and final budgets anticipated an appropriate use of fund balance as a result of local and national economic conditions. Actual revenues were $759,015 or 4% higher than the final budgeted amounts. The City was conservative with its revenue estimates and most revenue categories came in higher than anticipated with 35% of the difference being in licenses and permits and another 30% of the difference being in taxes. Actual expenditures were $385,665 less than the final budget with the large majority of the differences being from personnel and benefit cost savings. The higher than anticipated revenues and lower than budgeted expenditures resulted in an addition to fund balance of $655,403 or an ending fund balance of $8,360,136.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to $32,477,553 (net of accumulated depreciation). This investment in capital assets includes land, buildings and fixtures, improvements, machinery and equipment, vehicles, and infrastructure (roads, bridges and drainage culverts, etc.) The City's investment in capital assets decreased from $90,658,776 to $32,477,553 as a result of the buildings and improvements and construction in progress now owned by the City Schools of Decatur. In the past, the City Schools were shown as a discretely presented component unit due to these assets being owned by the City. In this year, title to these assets was transferred to the City Schools and these assets are no longer reported by the City of Decatur. However, the City continued to invest in capital assets through the continuing expenditure of bond proceeds for park construction, cemetery improvements, sidewalk construction, and the design and installation of bicycle lanes. Additional information on the City's capital assets can be found in Note 6 on pages 49 and 50 of this report. The following table summarizes the capital assets (net of depreciation) for governmental activities, business-type activities and the total for the primary government.

Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	2011	2010	2011	2010	2011
Land	$ 2,735	$ 3,617	$ 280	$ 280	$ 3,015	$ 3,897
Construction in progress	10,418	8,063	53	53	10,471	8,116
Land improvements	255	236	-	-	255	236
Infrastructure	6,948	8,779	1,580	1,553	8,528	10,332
Building & improvements	63,725	5,868	2,352	2,087	66,077	7,955
Machinery & equipment	875	788	-	-	875	788
Vehicles	882	645	-	-	882	645
Furniture, fixtures, & equipment	-	-	555	508	555	508
Total	$ 85,838	$ 27,996	$ 4,820	$ 4,481	$ 90,658	$ 32,477

Long-term Debt and Capital Leases. At the end of the current fiscal year, the City had long-term bonded debt in the amount of $46,590,040 including the bond issuance premium. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The City's total assessed valuation for fiscal 2011 is $1,233,849,000 with a current debt limitation for the City of $123,385,000, not including current debt outstanding.

The City has entered into lease agreements for financing the acquisition of equipment, machinery and improvements. The total amount of machinery, equipment and vehicles under capital leases at June 30, 2011 was $830,595 and $162,458 for governmental activities and business-type activities, respectively.

At June 30, 2011, the City had long-term debt in the amount of $61,435,899 which was comprised of $46,590,040 in bonds payable, $15,121,798 in capital leases, certificates of participation, claims and judgments, net OPEB obligation and compensated absences in the governmental activities and $724,061 in capital leases, net OPEB obligation and compensated absences in the business-type activities. The long-term debt in governmental activities includes $3,349,799 in notes payable and related issuance premium for the school system sales tax notes. The long-term debt includes the general obligation bonds issued in January 2007 and the recovery zone economic development bonds issued in December 2010. The 2007 bond issuance is financing approximately $16,600,000 worth of capital improvements for city-related capital projects, including transportation improvements, parks and recreation improvements, greenspace acquisition, public safety facility renovations, and public works improvements. The City Schools of Decatur have used approximately $16,500,000 for school-related capital projects. The 2010 bond issuance will finance approximately $13,760,000 of capital improvement projects including fire station #1, Decatur recreation center and the public works facility. Also included in the long-term debt are the certificates of participation issued in July 2005 in the principal amount of $2,810,000 to finance the renovation and addition of Decatur City Hall.

Additional information on the City's long-term debt can be found in Note 7 on pages 51 through 55 of this report.

Pension and Other Post Employment Benefits. The City of Decatur, Georgia sponsors a single-employer defined benefit pension plan for all of its full-time employees. Annually, an independent actuary engaged by the Board of Trustees of the retirement system calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. The City normally fully funds each year's annual required contribution to the retirement system as determined by the actuary. The City contributed 7.8% of payroll during fiscal year ending June 30, 2011 to fund the system's liability for projected benefits earned by employees which resulted in a funding of the annual required contribution of 95%. The contributions for fiscal years 2009 and 2010 were 104% and 106%, respectively, of the annual required contribution.

The City also provides post retirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 65 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. Starting in the 2008-2009 fiscal year the City had to account for other post employment benefits in accordance with GASB Standard 45. An independent actuarial analysis determined that the City's cumulative future liability for these benefits or net OPEB obligation was $6,627,105. This amount was accounted for as a liability on the City's statement of net assets.

Additional information on the City of Decatur, Georgia's pension arrangements and post employment benefits can be found in Notes 9 and 10 in the notes to the financial statements.

Economic Factors

Since the City is not reliant on sales tax as a primary revenue source, the impact of the economic recession has been moderate. Also, the City's housing market has avoided the mass foreclosures experienced by many communities and real estate has continued to hold its value. The real property digest declined less than 1% from 2010 to 2011. The digest saw some increases in value from new occupancy and from renovations to existing buildings; however, a decrease in the real property digest due to reevaluation, particularly from commercial properties, negated any growth. Any growth in the digest is expected to hold steady with some moderate growth in the upcoming years. Based on our current experience, the City's tax collection rate has not decreased and we have not experienced a significant increase in delinquent accounts. Other revenue concerns include the uncertain future of franchise taxes, legislative interference in restricting local government revenue sources and local government control of finance and budgeting decisions. Ultimately, the City's conservative financial practices, long-term planning, culture of innovation, and strategic approach to financial challenges have resulted in the City's ability to avoid layoffs and furloughs and to maintain high quality service delivery.

The unemployment rate for DeKalb County is currently 10.5%. Unemployment rates are not available for the City of Decatur but due to the diversity of the employment base, it is likely that the City's rate would be slightly lower. The occupancy rate of the government's central business district is approximately 82% as compared to surrounding areas that average a 78% occupancy rate. Inflationary trends in the region compare favorably to national indices. Interest in downtown Decatur commercial space remains high with newer tenants representing smaller professional, service and creative businesses that will bring a healthier mix capable of weathering changes in the new economy. Residential living units in the central business district continue to add to the economic vitality of the district.

Next Year's Budget

At June 30, 2011, unassigned fund balance in the general fund was approximately $6,965,455. The City has appropriated $1,294,500 of this amount for spending in the 2012 fiscal year budget. This use of fund balance was recommended to avoid a millage rate increase. Next year's budget includes funding for merit-based, salary step increases beginning in January 2012. The budgeted projects and activities directly support the following strategic plan principles: Principle A: Manage growth while retaining character; Principle B: Encourage a diverse and engaged community; Principle C: Serve as good stewards of the environment and community resources; Principle D: Support a safe, healthy, lifelong community; and an internally developed principle, Principle E: Provide the necessary support within city government to achieve the vision and goals of the community. Capital investments will be financed through the general obligation bond financing that was approved in September 2006 and recovery zone economic development bonds that were issued in December 2010.

Requests for Information

This financial report is designed to provide a general overview of the City of Decatur's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Manager, 509 North McDonough Street, City of Decatur, Georgia 30030. This report and other financial reports can be viewed on the City of Decatur's website at **www.decaturga.com** within the Administrative Services Department section.

CITY OF DECATUR, GEORGIA

STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government			Component Units	
ASSETS	Governmental Activities	Business-type Activities	Total	Downtown Development Authority	Decatur Tourism Board
Cash and cash equivalents	$ 11,230,575	$ 4,163,848	$ 15,394,423	$ 523,509	$ 36,925
Taxes receivable	448,402	-	448,402	13,749	-
Other receivables	506,383	-	506,383	3,662	-
Accounts receivable, net of allowances	-	172,858	172,858	-	-
Due from primary government	-	-	-	40,099	7,202
Due from component unit	266,801	-	266,801	-	-
Due from other governments	3,333,000	-	3,333,000	-	-
Internal balances	497,521	(497,521)	-	-	-
Prepaid items	1,245,179	-	1,245,179	37,360	-
Restricted:					
Cash equivalents	18,115,372	-	18,115,372	-	-
Investments	705,249	-	705,249	-	-
Other current assets	6,500	-	6,500	-	-
Lease receivable	-	-	-	2,064,930	-
Deferred charges, unamortized balance	657,488	-	657,488	-	-
Fair market value of derivative	231,599	-	231,599	-	-
Capital assets:					
Non-depreciable	11,679,946	333,368	12,013,314	-	-
Depreciable, net of accumulated depreciation	16,316,168	4,148,071	20,464,239	-	-
Other non-current assets	537,960	53,720	591,680	-	-
Total assets	65,778,143	8,374,344	74,152,487	2,683,309	44,127
LIABILITIES					
Accounts payable	564,423	87,050	651,473	12,558	2,233
Accrued liabilities	1,478,749	14,845	1,493,594	-	-
Unearned revenue	231,599	1,357,655	1,589,254	2,054,906	-
Due to component unit	7,202	-	7,202	-	-
Due to primary government	-	-	-	266,801	-
Certificates of participation due within one year	115,000	-	115,000	-	-
Certificates of participation due in more than one year	3,470,000	-	3,470,000	-	-
Claims and judgments payable due within one year	22,924	-	22,924	-	-
Compensated absences, due within one year	771,380	64,823	836,203	-	-
Compensated absences, long-term	136,126	23,730	159,856	-	-
Capital leases due within one year	138,620	33,814	172,434	-	-
Capital leases due in more than one year	92,538	-	92,538	-	-
Notes payable due within one year	1,600,000	-	1,600,000	-	-
Notes payable due in more than one year	1,749,799	-	1,749,799	-	-
Bonds payable due within one year	456,904	-	456,904	-	-
Bonds payable due in more than one year	46,133,136	-	46,133,136	-	-
Net OPEB obligation, due in more than one year	6,025,411	601,694	6,627,105	-	-
Total liabilities	62,993,811	2,183,611	65,177,422	2,334,265	2,233
NET ASSETS					
Invested in capital assets, net of related debt	12,718,037	4,447,625	17,165,662	-	-
Restricted for debt service	648,822	-	648,822	-	-
Restricted for law enforcement	11,993	-	11,993	-	-
Restricted for public safety	330,933	-	330,933	-	-
Restricted for tourism	81,123	-	81,123	-	41,894
Unrestricted	(11,006,576)	1,743,108	(9,263,468)	349,044	-
Total net assets	$ 2,784,332	$ 6,190,733	$ 8,975,065	$ 349,044	$ 41,894

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 6,950,510	$ 1,141,728	$ 10,099	$ -
Education	-	35,974	98,000	-
Public safety	9,647,534	2,252,110	1,930	197,658
Public works	3,731,309	79,286	-	332,595
Recreation	2,886,908	1,399,327	214,112	93,406
Interest on long-term debt	1,868,657	-	-	-
Total governmental activities	25,084,918	4,908,425	324,141	623,659
Business-type activities:				
Conference center	313,597	81,384	-	-
Stormwater	592,389	988,265	-	-
Solid waste	1,978,769	2,225,509	-	-
Total business-type activities	2,884,755	3,295,158	-	-
Total primary government	$ 27,969,673	$ 8,203,583	$ 324,141	$ 623,659
Component units:				
Downtown Development Authority	$ 756,252	$ 10,024	$ -	$ -
Decatur Tourism Board	87,970	-	-	-
Total component units	$ 844,222	$ 10,024	$ -	$ -

General revenues:
- Property taxes
- Franchise taxes
- Sales taxes
- Other taxes
- Unrestricted investment earnings
- Miscellaneous

Transfers

Special item - transfer of ownership of school facilities to School District

Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expenses) Revenues and Changes in Net Assets					
Primary Government				Component Units	
Governmental Activities	Business-type Activities	Total		Downtown Development Authority	Decatur Tourism Board
$ (5,798,683)	$ -	$ (5,798,683)		$ -	$ -
133,974	-	133,974		-	-
(7,195,836)	-	(7,195,836)		-	-
(3,319,428)	-	(3,319,428)		-	-
(1,180,063)	-	(1,180,063)		-	-
(1,868,657)	-	(1,868,657)		-	-
(19,228,693)	-	(19,228,693)		-	-
-	(232,213)	(232,213)		-	-
-	395,876	395,876		-	-
-	246,740	246,740		-	-
-	410,403	410,403		-	-
(19,228,693)	410,403	(18,818,290)		-	-
-	-	-		(746,228)	-
-	-	-		-	(87,970)
$ -	$ -	$ -		$ (746,228)	$ (87,970)
$ 14,571,294	$ -	$ 14,571,294		$ 427,809	$ -
1,466,051	-	1,466,051		-	-
693,867	-	693,867		-	-
1,397,353	-	1,397,353		-	97,031
55,136	-	55,136		-	71
-	-	-		316,016	-
442,489	(442,489)	-		-	-
(61,242,453)	-	(61,242,453)		-	-
(42,616,263)	(442,489)	(43,058,752)		743,825	97,102
(61,844,956)	(32,086)	(61,877,042)		(2,403)	9,132
64,629,288	6,222,819	70,852,107		351,447	32,762
$ 2,784,332	$ 6,190,733	$ 8,975,065		$ 349,044	$ 41,894

CITY OF DECATUR, GEORGIA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	General Fund	Emergency Telephone System Fund	Children and Youth Services Fund	2007 Bonds Fund	URA Bonds Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 7,477,310	$ 714,227	$ 1,169,908	$ -	$ -	$ 220,382	$ 1,648,748	$ 11,230,575
Taxes receivable	337,667	-	-	-	-	49,116	61,619	448,402
Other receivables	282,742	71,751	44,963	643	1,307	7,194	97,783	506,383
Due from other funds	889,418	-	69,855	-	-	400,773	4,373	1,364,419
Due from component unit	266,801	-	-	-	-	-	-	266,801
Due from other governments	-	-	-	-	-	3,300,000	-	3,300,000
Restricted:								
Cash equivalents	-	-	-	6,322,070	11,793,302	-	-	18,115,372
Investments	-	-	-	-	-	-	705,249	705,249
Advances to other funds	-	-	-	-	-	-	342,626	342,626
Prepaid expenditures	88,136	-	2,917	-	400,773	709,072	44,281	1,245,179
Other current assets	6,500	-	-	-	-	-	-	6,500
Total assets	$ 9,348,574	$ 785,978	$ 1,287,643	$ 6,322,713	$ 12,195,382	$ 4,686,537	$ 2,904,679	$ 37,531,506
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 452,728	$ 4,141	$ 23,054	$ 83,150	-	$ -	$ 1,350	$ 564,423
Accrued liabilities	320,305	-	14,653	44,174	23,275	-	54,847	457,254
Deferred revenues	211,032	-	-	-	-	28,643	21,226	260,901
Due to other funds	4,373	418,500	224,494	-	400,773	-	128,980	1,177,120
Due to component unit	-	-	-	-	-	-	7,202	7,202
Advances from other funds	-	32,404	-	-	-	-	-	32,404
Total liabilities	988,438	455,045	262,201	127,324	424,048	28,643	213,605	2,499,304
FUND BALANCES								
Fund balances:								
Nonspendable:								
Prepaids	88,136	-	2,917	-	400,773	709,072	44,281	1,245,179
Advances	-	-	-	-	-	-	342,626	342,626
Restricted								
Capital construction	-	-	-	6,195,389	11,370,561	-	-	17,565,950
Equipment purchases	-	-	-	-	-	-	705,249	705,249
Debt service	-	-	-	-	-	3,948,822	-	3,948,822
Law enforcement	-	-	-	-	-	-	11,993	11,993
Public safety	-	330,933	-	-	-	-	-	330,933
Tourism	-	-	-	-	-	-	81,123	81,123
Committed								
Tree preservation	-	-	-	-	-	-	39,702	39,702
Children and youth services	-	-	1,022,525	-	-	-	-	1,022,525
Assigned								
Greenspace acquisition	12,045	-	-	-	-	-	-	12,045
Cemetery operations	-	-	-	-	-	-	40,843	40,843
Equipment purchases	-	-	-	-	-	-	1,425,257	1,425,257
Fiscal year 2012 operations	1,294,500	-	-	-	-	-	-	1,294,500
Unassigned	6,965,455	-	-	-	-	-	-	6,965,455
Total fund balances	8,360,136	330,933	1,025,442	6,195,389	11,771,334	4,657,894	2,691,074	35,032,202
Total liabilities and fund balances	$ 9,348,574	$ 785,978	$ 1,287,643	$ 6,322,713	$ 12,195,382	$ 4,686,537	$ 2,904,679	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	27,996,114
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	260,901
Interest receivable of governmental activities is not a current financial resource and, therefore, is not reported in the governmental funds.	33,000
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(61,075,845)
Revenues from an effective hedging instrument are not recognized until the hedge is used by the holder, and therefore are deferred in governmental activities.	(231,599)
Some assets are not a financial resource used in governmental activities and therefore not reported in governmental funds.	769,559
Net assets of governmental activities	$ 2,784,332

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Emergency Telephone System Fund	Children and Youth Services Fund	2007 Bonds Fund	URA Bonds Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes	$ 15,020,667	$ -	$ -	$ -	$ 1,751	$ 1,822,659	$ 1,478,199	$ 18,323,276
Licenses and permits	730,412	-	-	-	-	-	-	730,412
Intergovernmental	352,597	-	50,983	261,808	-	-	225,127	890,515
Fines and forfeitures	1,038,753	-	-	-	-	-	-	1,038,753
Charges for services	1,313,361	558,095	847,319	-	-	-	13,030	2,731,805
Interest income	7,250	-	506	14,595	8,996	7,726	16,065	55,138
Contributions	19,321	-	155,837	-	-	-	15,940	191,098
Other revenues	104,854	-	-	-	-	98,000	70,787	273,641
Total revenues	18,587,215	558,095	1,054,645	276,403	10,747	1,928,385	1,819,148	24,234,638
Expenditures								
Current:								
General government	6,021,272	-	-	36,903	140	-	464,509	6,522,824
Public safety	7,550,708	801,690	-	-	-	-	53,505	8,405,903
Public works	3,169,788	-	-	-	-	-	-	3,169,788
Recreation	1,345,559	-	1,333,299	-	-	-	-	2,678,858
Capital outlay	93,088	32,404	-	2,484,974	1,748,983	-	279,118	4,638,567
Debt service:								
Principal retirements	-	-	-	-	-	1,955,000	242,848	2,197,848
Interest expenditures	-	-	-	-	-	1,529,716	114,745	1,644,461
Costs of debt issuance	-	-	-	-	270,530	-	-	270,530
Total expenditures	18,180,415	834,094	1,333,299	2,521,877	2,019,653	3,484,716	1,154,725	29,528,779
Excess (deficiency) of revenues over expenditures	406,800	(275,999)	(278,654)	(2,245,474)	(2,008,906)	(1,556,331)	664,423	(5,294,141)
Other financing sources (uses):								
Proceeds from bond issuance	-	-	-	-	13,760,000	-	-	13,760,000
Proceeds from sale of capital assets	2,520	-	-	-	-	-	-	2,520
Transfers in	746,083	200,000	362,322	8,607,501	20,240	-	-	9,936,146
Transfers out	(500,000)	-	-	(166,638)	-	-	(8,827,019)	(9,493,657)
Total other financing sources (uses)	248,603	200,000	362,322	8,440,863	13,780,240	-	(8,827,019)	14,205,009
Net change in fund balance	655,403	(75,999)	83,668	6,195,389	11,771,334	(1,556,331)	(8,162,596)	8,910,868
Fund balances, beginning of year, restated	7,704,733	406,932	941,774	-	-	6,214,225	10,853,670	26,121,334
Fund balances, end of year	$ 8,360,136	$ 330,933	$ 1,025,442	$ 6,195,389	$ 11,771,334	$ 4,657,894	$ 2,691,074	$ 35,032,202

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	8,910,868
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		3,402,576
The effect of sales and disposals of capital assets is to decrease net assets.		(61,244,973)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(202,712)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.		(11,306,560)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,404,155)
Change in net assets - governmental activities	$	(61,844,956)

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Taxes	$ 14,950,700	$ 14,790,610	$ 15,020,667	$ 230,057
Licenses and permits	415,800	573,800	730,412	156,612
Fines and forfeitures	705,000	775,000	1,038,753	263,753
Interest	15,000	7,500	7,250	(250)
Charges for services	1,128,900	1,195,800	1,313,361	117,561
Intergovernmental	393,600	367,600	352,597	(15,003)
Contributions	10,000	13,100	19,321	6,221
Miscellaneous	106,500	104,790	104,854	64
Total revenues	17,725,500	17,828,200	18,587,215	759,015
Expenditures				
Current:				
General government:				
Commission	91,890	86,640	75,219	11,421
Manager	830,030	835,240	771,777	63,463
Administrative services	1,831,750	1,863,180	1,775,835	87,345
Attorney	200,000	157,600	164,121	(6,521)
Community & economic development	1,072,220	1,035,920	988,710	47,210
Development and inspection	734,150	872,710	971,361	(98,651)
Accounting, collection and records	1,342,160	1,349,550	1,274,249	75,301
Total general government	6,102,200	6,200,840	6,021,272	179,568
Public safety:				
General management	1,026,410	1,002,130	952,709	49,421
Fire	3,292,190	3,297,420	3,210,556	86,864
Police	3,510,540	3,490,920	3,387,443	103,477
Police capital outlay	97,000	97,000	93,088	3,912
Total public safety	7,926,140	7,887,470	7,643,796	243,674
Public works:				
Engineering	707,240	729,460	687,368	42,092
Motor maintenance	551,500	560,990	677,007	(116,017)
Buildings and grounds maintenance	1,541,690	1,516,440	1,444,891	71,549
Cemetery	415,540	372,690	360,522	12,168
Total public works	3,215,970	3,179,580	3,169,788	9,792
Recreation	1,364,190	1,298,190	1,345,559	(47,369)
Total expenditures	18,608,500	18,566,080	18,180,415	385,665
Excess (deficiency) of revenues over expenditures	(883,000)	(737,880)	406,800	1,144,680
Other financing sources (uses)				
Proceeds from sale of capital assets	15,000	-	2,520	2,520
Transfers out	(675,000)	(500,000)	(500,000)	-
Transfers in	757,560	758,500	746,083	(12,417)
Total other financing sources (uses)	97,560	258,500	248,603	(9,897)
Net change in fund balances	(785,440)	(479,380)	655,403	1,134,783
Fund balances, beginning of year, restated	7,704,733	7,704,733	7,704,733	-
Fund balances, end of year	$ 6,919,293	$ 7,225,353	$ 8,360,136	$ 1,134,783

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA
EMERGENCY TELEPHONE SYSTEM FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 525,000	$ 560,000	$ 558,095	$ (1,905)
EXPENDITURES				
Public safety	854,140	840,730	801,690	39,040
Capital outlay	32,500	32,410	32,404	6
Debt service:				
Principal	48,800	-	-	-
Total expenditures	935,440	873,140	834,094	39,046
Deficiency of revenues over expenditures	(410,440)	(313,140)	(275,999)	37,141
OTHER FINANCING SOURCES				
Issuance of capital lease	32,500	-	-	-
Transfers in	225,000	200,000	200,000	-
Total other financing sources	257,500	200,000	200,000	-
Net change in fund balances	(152,940)	(113,140)	(75,999)	37,141
FUND BALANCES, beginning of year	406,932	406,932	406,932	-
FUND BALANCES, end of year	$ 253,992	$ 293,792	$ 330,933	$ 37,141

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA
CHILDREN AND YOUTH SERVICES FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ 844,050	$ 802,945	$ 847,319	$ 44,374
Intergovernmental	7,500	63,760	50,983	(12,777)
Interest	-	-	506	506
Contributions	118,310	6,440	155,837	149,397
Total revenue	969,860	873,145	1,054,645	181,500
EXPENDITURES				
Recreation	1,406,890	1,662,420	1,333,299	329,121
Deficiency of revenues over expenditures	(437,030)	(789,275)	(278,654)	510,621
OTHER FINANCING SOURCES				
Transfer in	-	300,000	362,322	62,322
Net change in fund balances	(437,030)	(489,275)	83,668	572,943
FUND BALANCES, beginning of year	941,774	941,774	941,774	-
FUND BALANCES, end of year	$ 504,744	$ 452,499	$ 1,025,442	$ 572,943

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities - Enterprise Funds			
ASSETS	**Conference & Parking Deck Fund**	**Stormwater Utility Fund**	**Solid Waste Fund**	**Totals**
CURRENT ASSETS				
Cash	$ 724,310	$ 2,267,385	$ 1,172,153	$ 4,163,848
Accounts receivable	1,915	49,948	120,995	172,858
Due from other funds	16,914	-	-	16,914
Total current assets	743,139	2,317,333	1,293,148	4,353,620
NONCURRENT ASSETS				
Construction in progress	-	53,303	-	53,303
Land	194,860	85,205	-	280,065
Infrastructure	-	3,803,321	-	3,803,321
Buildings	8,469,375	-	-	8,469,375
Furniture, fixtures and equipment	184,882	203,252	2,063,634	2,451,768
	8,849,117	4,145,081	2,063,634	15,057,832
Accumulated depreciation	(6,539,167)	(2,417,641)	(1,619,585)	(10,576,393)
Total capital assets	2,309,950	1,727,440	444,049	4,481,439
Other noncurrent assets	-	15,139	38,581	53,720
Total noncurrent assets	2,309,950	1,742,579	482,630	4,535,159
Total assets	3,053,089	4,059,912	1,775,778	8,888,779
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	6,354	636	80,060	87,050
Accrued liabilities	-	4,451	10,394	14,845
Compensated absences payable	-	2,239	62,584	64,823
Due to other funds	-	64,442	139,771	204,213
Deferred revenue	-	412,745	944,910	1,357,655
Capital lease, due within one year	-	-	33,814	33,814
Total current liabilities	6,354	484,513	1,271,533	1,762,400
NONCURRENT LIABILITIES				
Compensated absences - long term	-	12,686	11,044	23,730
Net OPEB obligation	-	169,559	432,135	601,694
Advances from other funds	-	21,990	288,232	310,222
Total noncurrent liabilities	-	204,235	731,411	935,646
Total liabilities	6,354	688,748	2,002,944	2,698,046
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	2,309,950	1,727,440	410,235	4,447,625
Unrestricted	736,785	1,643,724	(637,401)	1,743,108
Total net assets (deficit)	$ 3,046,735	$ 3,371,164	$ (227,166)	$ 6,190,733

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
OPERATING REVENUE				
Storm water fees	$ -	$ 988,265	$ -	$ 988,265
Sanitation fees	-	-	2,207,403	2,207,403
Charges for sales and services	81,384	-	-	81,384
Miscellaneous	-	-	18,106	18,106
Total operating revenues	81,384	988,265	2,225,509	3,295,158
OPERATING EXPENSES				
Cost of sales and services	45,104	501,748	1,831,804	2,378,656
Depreciation	268,493	90,641	144,579	503,713
Total operating expenses	313,597	592,389	1,976,383	2,882,369
Operating income (loss)	(232,213)	395,876	249,126	412,789
NON-OPERATING EXPENSES				
Interest expense	-	-	(2,386)	(2,386)
Income (loss) before transfers	(232,213)	395,876	246,740	410,403
Transfers in	97,031	-	-	97,031
Transfers out	-	(336,520)	(203,000)	(539,520)
	97,031	(336,520)	(203,000)	(442,489)
Change in net assets	(135,182)	59,356	43,740	(32,086)
Total net assets (deficit), beginning	3,181,917	3,311,808	(270,906)	6,222,819
Total net assets (deficit), ending	$ 3,046,735	$ 3,371,164	$ (227,166)	$ 6,190,733

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds			
	Conference & Parking Deck Fund	Stormwater Utility Fund	Solid Waste Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 76,169	$ 1,005,155	$ 2,241,321	$ 3,322,645
Payments to suppliers	(40,508)	(118,344)	(854,137)	(1,012,989)
Payments to employees	-	(376,818)	(946,509)	(1,323,327)
Net cash provided by operating activities	35,661	509,993	440,675	986,329
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in from other funds	97,031	-	-	97,031
Transfers out to other funds	-	(336,520)	(203,000)	(539,520)
Receipt of advances from other funds	-	(10,995)	(34,905)	(45,900)
Net cash provided by (used in) non-capital financing activities	97,031	(347,515)	(237,905)	(488,389)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on capital leases	-	-	(32,642)	(32,642)
Interest paid	-	-	(2,386)	(2,386)
Purchases of capital assets	-	(53,897)	(110,990)	(164,887)
Net cash used in capital and related financing activities	-	(53,897)	(146,018)	(199,915)
Net increase in cash	132,692	108,581	56,752	298,025
Cash, beginning of year	591,618	2,158,804	1,115,401	3,865,823
Cash, end of year	$ 724,310	$ 2,267,385	$ 1,172,153	$ 4,163,848
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	$ (232,213)	$ 395,876	$ 249,126	$ 412,789
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	268,493	90,641	144,579	503,713
Change in assets and liabilities:				
(Increase) decrease in fees receivable	4,085	17,141	(1,559)	19,667
(Increase) decrease in due from other funds	(9,300)	300	940	(8,060)
(Increase) decrease in other assets	-	4,679	(164)	4,515
Increase in accounts payable	4,596	636	6,379	11,611
Decrease in accrued liabilities	-	(9,839)	(17,117)	(26,956)
Decrease in compensated absences payable	-	(224)	(2,341)	(2,565)
Increase in net OPEB obligation	-	13,543	129,705	143,248
Increase (decrease) in deferred revenue	-	(251)	17,371	17,120
Decrease in due to other funds	-	(2,509)	(86,244)	(88,753)
Net cash provided by operating activities	$ 35,661	$ 509,993	$ 440,675	$ 986,329

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

ASSETS	Pension Trust Fund	Agency Funds
Cash	$ 369,108	$ 2,306,534
Uncollected taxes	-	640,048
Investments:		
Corporate obligations	1,566,808	-
Mutual funds	16,312,016	-
U.S. government and government agency obligations	8,582,993	-
Benefits receivable	186,157	-
Total assets	27,017,082	2,946,582
LIABILITIES		
Due to others	35,633	2,906,483
Due to component unit	-	40,099
Total liabilities	35,633	2,946,582
NET ASSETS		
Net assets held in trust for pension benefits	$ 26,981,449	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS PENSION TRUST FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

ADDITIONS	
Contributions	
Plan member contributions	$ 760,628
Employer contributions	798,184
Total contributions	1,558,812
Investment income	
Net appreciation in fair value of investmets	3,814,552
Interest and dividends	413,180
Total investment income	4,227,732
Total additions	5,786,544
DEDUCTIONS	
Benefit payments	1,374,627
Refunds paid to Plan members and beneficiaries	212,634
Administrative fees	130,372
Total deductions	1,717,633
Net increase in net assets	4,068,911
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	22,912,538
End of year	$ 26,981,449

The accompanying notes are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Decatur, Georgia (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City operates under a commission/manager form of government and provides the following services to its citizens: public safety, public works, parks and recreation, public improvements, and general and administrative services. Additionally, the City owns and contracts for management of a parking deck and convention center for the benefit of the downtown Decatur area.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

The Decatur Downtown Development Authority (the "DDA") has been included as a discretely presented component unit in the accompanying financial statements. The City levies and collects its taxes and appoints its board. Financial information with regard to the DDA can be obtained from the DDA's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Downtown Development Authority are not prepared.

The Decatur Tourism Board (the "DTB") has been included as a discretely presented component unit in the accompanying financial statements. The Board does not have the power to levy taxes or issue bonded debt. Financial information with regard to the DTB can be obtained from the DTB's administrative offices at 509 North McDonough Street, Decatur, Georgia 30030. Separate financial statements for the Decatur Tourism Board are not prepared.

The Urban Redevelopment Agency of the City of Decatur (the "URA") has been included as a blended component unit in the accompanying financial statements. All members of the City Commission serve on the Commission for the URA. Although it is legally separate from the City, its sole purpose is to finance construction and acquisitions of the City. The debt and assets of the URA have been reported as a form of the City's debt and assets and all debt service activity is reported as debt service activity of the City.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from discretely presented component units. The statement of net assets will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not considered program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds have no measurement focus; however, they use the accrual basis of accounting to recognize assets and liabilities. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, “Accounting and Financial Reporting for Non-exchange Transactions,” the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Emergency Telephone System Fund** accounts for emergency services which are provided to all City taxpayers. Financing is provided through user fees and charges. The charges from the telephone providers are restricted by State law O.C.G.A. 46-5-134.

The **Children and Youth Services Fund** accounts for charges for the City's after school program and the expenditures incurred in operating the program. The City Commission has committed all revenues generated by the after school programs to be used for the operation of the program.

The **2007 Bonds Fund** accounts for the proceeds from the issuance of Series 2007 general obligation bonds and the expenditures of those funds for major capital projects.

The **URA Bonds Fund** accounts for the proceeds from the issuance of Recovery Zone Economic Development bonds and the expenditures of those funds for major capital projects.

The **Debt Service Fund** accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The City reports the following major proprietary funds:

The **Conference and Parking Deck Fund** accounts for the activity of the conference center and parking deck.

The **Stormwater Utility Fund** accounts for the collection of fees for upgrades to stormwater drains and related expenses.

The **Solid Waste Fund** accounts for the collection of fees for garbage collection, disposal and recycling programs and related expenses.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The City also reports the following fund types:

The **Special Revenue funds** are used to account for specific revenues, such as confiscations/forfeitures, hotel/motel tax revenues and various grants and contributions, which are legally restricted or committed to expenditures for particular purposes.

The **Capital Projects funds** are used to account for the receipts and expenditures of funds for major capital projects throughout the City.

The **Pension Trust Fund** accounts for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. Resources are contributed by employees and the City at rates determined by actuarial computations.

Agency funds are accounted for on the accrual basis of accounting, and are used to account for funds that the City holds for others in an agency capacity, including municipal court bonds and property taxes.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for goods and services provided. Operating expenses of the enterprise funds include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgets

Annual appropriated budgets are adopted for all funds. The budgets for the proprietary funds are for management control purposes and are not required to be reported. Budgets are adopted on a modified accrual basis, which is consistent with generally accepted accounting principles for governmental funds. All appropriations lapse at fiscal year end. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is not employed by the City.

E. Deposits and Investments

Georgia statutes authorize the City to invest in the following: (1) obligations of Georgia or any other state; (2) obligations of the United States; (3) obligations fully insured or guaranteed by the United States government or one of its agencies; (4) obligations of any corporation of the United States government; (5) prime bankers' acceptances; (6) the State of Georgia local government investment pool; (7) repurchase agreements; and (8) obligations of any other political subdivisions of the State of Georgia. Any investment or deposit in excess of the federal depository insured amounts must be collateralized by an equivalent amount of state or U.S. obligations. For purposes of the statement of cash flows, all highly liquid investments with an original maturity of less than 90 days are considered to be cash equivalents. Investments are reported at fair value as determined by quoted market prices.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds is reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, represent long-term borrowing arrangements with established repayment schedules, and are offset by a non-spendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

The costs of governmental fund type inventories (which are not significant to the City) are recorded as expenditures when purchased rather than when consumed (purchase method).

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items in both government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure (e.g., roads, bridges, sidewalks, and similar items) prior to July 1, 2002 have been reported.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Machinery and equipment	3-20
Vehicles	5
Land improvements	15-20
Infrastructure	15-50
Buildings and improvements	30-50

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for non-vesting accumulated rights to receive sick pay benefits since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

K. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the term of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Issuance costs are reported as deferred charges.

Proprietary fund type loans payable are reported as liabilities at their outstanding value. Loan issuance costs are reported as deferred charges and amortized over the term of the loan using the effective interest method.

In the fund financial statements, governmental fund types report the face amount of debt issued and related premiums or discounts as other financing sources and bond issuance costs as expenditures.

L. Fund Equity

The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, as of July 1, 2010. This new standard changed the overall definitions and classifications of governmental fund balances.

Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net assets."

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Fund Balance – Generally, fund balance represents the difference between the assets and liabilities under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Committed – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by a formal vote of the City Commission. Only the City Commission may modify or rescind the commitment.

Assigned – Fund balances are reported as assigned when amounts are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has expressly delegated to the City Manager the authority to assign funds for particular purposes.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The City reports positive unassigned fund balance only in the general fund. The City intends to maintain an unassigned fund balance in the general fund between twenty and thirty percent of the operating budget or an amount equal to 3-4 months' operating expenditures.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: (1) Committed, (2) Assigned, (3) Unassigned.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fund Equity (Continued)

Net Assets – Net assets represent the difference between assets and liabilities in reporting which utilizes the economic resources measurement focus. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net assets are reported as restricted using the same definition as used for restricted fund balance as described in the section above. All other net assets are reported as unrestricted.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $61,075,845 difference are as follows:

Capital leases payable	$ (231,158)
Certificates of participation	(3,585,000)
Claims and judgements payable	(22,924)
Accrued interest payable	(1,021,495)
Net OPEB obligation	(6,025,411)
Notes payable	(3,349,799)
Bonds payable	(46,590,040)
Bond issuance costs	657,488
Compensated absences	(907,506)
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ (61,075,845)

Another element of the reconciliation explains that "Some assets are not a financial resource used in governmental activities and therefore not reported in governmental funds." The details of this $769,559 difference are as follows:

Net pension asset	$ 537,960
Fair value of effective derivative	231,599
Net adjustment to increase *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ 769,559

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $3,402,576 difference are as follows:

Capital outlay	$	4,608,169
Depreciation expense		(1,205,593)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	3,402,576

Another element of that reconciliation explains that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this $202,712 difference are as follows:

Recognition of deferred taxes	$	(194,712)
Accrued interest revenue		(8,000)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$	(202,712)

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities (Continued)

Another element of that reconciliation explains that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $11,306,560 difference are as follows:

Amortization of premium and deferred charges	$ (14,938)
Cost of issuance	270,530
Proceeds from issuance of notes	(13,760,000)
Principal retirement of long-term debt	2,197,848
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (11,306,560)

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $1,404,155 difference are as follows:

Compensated absences	$ 67,456
Claims and judgments	(12,836)
Net other post-employement benefits (OPEB) obligation	(1,179,981)
Net pension asset	(77,536)
Accrued interest	(201,258)
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (1,404,155)

NOTE 3. LEGAL COMPLIANCE - BUDGETS

The City of Decatur, Georgia employs the following procedures in establishing its annual budget:

1. In accordance with the Fiscal Control Ordinance of the City, the City Manager submits a proposed operating budget to the City Commissioners. The operating budget includes proposed expenditures and the means for financing them.
2. Prior to any action by the Commissioners, the City publishes the proposed budget in the official legal organ, other community newspapers and makes copies available to the residents of the City.
3. Public meetings are held to obtain taxpayer comments.
4. The budget is then legally enacted through passage of a resolution by the City Commission.
5. Budgetary control is exercised at the department level. The City Manager is authorized to transfer budget amounts within a department; however, any revisions that alter the total expenditures of a department require a budget amendment by the City Commissioners. Budget amounts shown in these financial statements reflect amendments approved by the City Commissioners. Such amendments resulted in no supplemental appropriations.

The following funds and General Fund departments had excesses of actual expenditures over appropriations for the fiscal year ended June 30, 2011:

Hotel/Motel Tax Fund	$	(4,032)
General Fund departments:		
Attorney		(6,521)
Development and inspection		(98,651)
Motor maintenance		(116,017)
Recreation		(47,369)

These over expenditures were funded by greater than anticipated revenues and by available fund balance.

NOTE 4. DEPOSITS AND INVESTMENTS

As of June 30, 2011, the City had $26,461,817 invested on behalf of a defined benefit pension fund and $705,249 invested for its governmental funds. The City has adopted a separate policy for pension fund assets in compliance with state law. The City's pension fund assets are invested in U.S. Government money market funds, stock mutual funds, and taxable bond funds based on asset allocation ranges and performance benchmarks.

Investment	Maturities	Fair Value
Guaranteed Investment Contract	June 1, 2028	$ 705,249
Corporate Obligations	8.71 years average effective duration	1,566,808
Mutual funds	(1)	16,312,016
U.S. Government and U.S. Government Agency Obligations	3.59 years average effective duration	8,582,993
Georgia Fund 1 - cash equivalents	59 days	18,115,372
Total		$ 45,282,438

(1) Mutual funds are not impacted by changes in interest rates.

Interest rate risk: The Pension program investment policy limits the duration of fixed income investments to a range of +/- one year of the Lehman Brothers Aggregate Index. The Lehman Brothers Aggregate Index at June 30, 2011 was 5.19 years. The City does not have a formal investment policy, outside of the policy for the pension investments, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk: State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia. As of June 30, 2011, the City's investment in Georgia Fund 1 was rated AAAm by Standard & Poor's.

NOTE 4. DEPOSITS AND INVESTMENTS (Continued)

It is the City's policy to limit its pension investments to mutual funds, separate accounts, or collective unit trusts that invest in any combination of the following permitted categories:

- Cash and cash equivalents, including money market funds and stable value funds;
- Fixed income (bonds of U.S. corporate and government issuers, asset-backed securities, commercial paper or similar fixed income contracts);
- Domestic Equities (Stocks).

The City's pension investments in corporate obligations and obligations of the United States Government and United States Government Agencies had ratings ranging from BBB- to AAA and A to AAA, respectively, by Standard & Poor's. The City's pension investments in mutual funds are not rated by any rating agencies.

The local government investment pool, "Georgia Fund 1," created by OCGA 36-83-8, is a stable net asset value investment pool, which follows Standard and Poor's criteria for AAAm rated money market funds and is regulated by the Office of the State Treasurer of the State of Georiga. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940 and is considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal ($1 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on $1 per share. The regulatory oversight agency for Georgia Fund 1 is the Office of Treasury and Fiscal Services of the State of Georgia. As of June 30, 2011, the City considers amounts held in Georgia Fund 1 as cash equivalents for financial statement presentation.

Custodial Credit Risk – Deposits: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes, and City policy, require all deposits and investments (other than federal or state government instruments) to be collateralized by depository insurance, obligations of the U.S. government, or bonds of public authorities, counties, or municipalities. As of June 30, 2011, the City's cash accounts were secured, insured or collateralized in accordance with State law.

NOTE 5. RECEIVABLES

Property taxes are levied on property values assessed as of January 1. The tax levy is divided into two billings. The first billing is mailed April 1, and the second billing is mailed no later than October 20. The billings are considered due upon receipt by the taxpayer; however, the actual due dates are June 1 and December 20. After these dates, the bill becomes delinquent and penalties and interest may be assessed by the City.

Property taxes are recorded as receivables and deferred revenues when assessed. Revenues are recognized when available.

Enterprise fund solid waste fees and stormwater fees are billed annually on April 1 for the calendar year and are due June 1.

Receivables at June 30, 2011, for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Emergency Telephone System	Children and Youth Services	2007 Bonds	URA Bonds
Receivables:					
Taxes	$ 380,873	$ -	$ -	$ -	$ -
Other	282,742	71,751	44,963	643	1,307
Less allowance for uncollectible	(43,206)	-	-	-	-
Net total receivable	$ 620,409	$ 71,751	$ 44,963	$ 643	$ 1,307

	Debt Service	Other Governmental Fund	Stormwater	Solid Waste	Conference Center
Receivables:					
Accounts	$ -	$ -	$ 77,490	$ 251,103	$ -
Taxes	55,750	65,916	-	-	-
Other	7,194	97,783	-	-	1,915
Less allowance for uncollectible	(6,634)	(4,297)	(27,542)	(130,108)	-
Net total receivable	$ 56,310	$ 159,402	$ 49,948	$ 120,995	$ 1,915

NOTE 6. CAPITAL ASSETS

Primary Government

Capital asset activity for the fiscal year ended June 30, 2011, is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 2,734,676	$ 1,550,000	$ (667,360)	$ -	$ 3,617,316
Construction in progress	10,417,811	2,877,891	(2,985,443)	(2,247,629)	8,062,630
Total	13,152,487	4,427,891	(3,652,803)	(2,247,629)	11,679,946
Capital assets, being depreciated:					
Land improvements	996,322	-	(4,054)	-	992,268
Infrastructure	20,866,425	-	-	2,247,629	23,114,054
Buildings and improvements	84,053,059	-	(73,735,557)	-	10,317,502
Machinery and equipment	3,886,298	53,454	(19,432)	-	3,920,320
Vehicles	4,295,960	126,824	(61,490)	-	4,361,294
Total	114,098,064	180,278	(73,820,533)	2,247,629	42,705,438
Less accumulated depreciation for:					
Land improvements	(740,780)	(15,677)	527	-	(755,930)
Infrastructure	(13,918,362)	(416,719)	-	-	(14,335,081)
Buildings and improvements	(20,327,354)	(269,150)	16,146,914	-	(4,449,590)
Machinery and equipment	(3,011,657)	(139,812)	19,432	-	(3,132,037)
Vehicles	(3,413,887)	(364,235)	61,490	-	(3,716,632)
Total	(41,412,040)	(1,205,593)	16,228,363	-	(26,389,270)
Total capital assets, being depreciated, net	72,686,024	(1,025,315)	(57,592,170)	2,247,629	16,316,168
Governmental activities capital assets, net	$ 85,838,511	$ 3,402,576	$ (61,244,973)	$ -	$ 27,996,114

Included in the decreases for the current year are the buildings and improvements and construction in progress now owned by the City Schools of Decatur. In the past, the City Schools were shown as a discretely presented component unit due to these assets being owned by the City. In the current year, title to these assets was transferred to the City Schools and thus they are no longer reported by the City of Decatur. The City is reporting the transfer of assets as a special item on the Statement of Activities in the amount of $61,242,453.

NOTE 6. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 53,303	$ -	$ -	$ 53,303
Land	280,065	-	-	280,065
Total	333,368	-	-	333,368
Capital assets, being depreciated:				
Infrastructure	3,749,424	53,897	-	3,803,321
Buildings	8,469,375	-	-	8,469,375
Furniture, fixtures, and equipment	2,366,210	110,990	(25,432)	2,451,768
Total	14,585,009	164,887	(25,432)	14,724,464
Less accumulated depreciation for:				
Infrastructure	(2,169,176)	(80,873)	-	(2,250,049)
Buildings	(6,117,299)	(265,153)	-	(6,382,452)
Furniture, fixtures, and equipment	(1,811,637)	(157,687)	25,432	(1,943,892)
Total	(10,098,112)	(503,713)	25,432	(10,576,393)
Total capital assets, being depreciated, net	4,486,897	(338,826)	-	4,148,071
Business-type activities capital assets, net	$ 4,820,265	$ (338,826)	$ -	$ 4,481,439

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 155,913
Public safety	470,048
Public works	460,446
Recreation	119,186
Total depreciation expense - governmental activities	$ 1,205,593
Business-type activities:	
Conference and Parking Deck	$ 268,493
Stormwater	90,641
Sanitation	144,579
Total depreciation expense - business-type activities	$ 503,713

NOTE 7. LONG-TERM DEBT

Primary Government

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 32,970,000	$ -	$ (355,000)	$ 32,615,000	$ 440,000
Revenue bonds	-	13,760,000	-	13,760,000	16,904
Plus issuance premium	223,473	-	(8,433)	215,040	
Total bonds payable	33,193,473	13,760,000	(363,433)	46,590,040	456,904
Capital leases	364,006	-	(132,848)	231,158	138,620
Notes payable	4,900,000	-	(1,600,000)	3,300,000	1,600,000
Plus issuance premium	77,606	-	(27,807)	49,799	
Total notes payable	4,977,606	-	(1,627,807)	3,349,799	
Certificates of participation	3,695,000	-	(110,000)	3,585,000	115,000
Less FMV of Derivative	(250,989)	250,989	-	-	
Total certificates of participation	3,444,011	250,989	(110,000)	3,585,000	
Claims and judgments	10,088	104,236	(91,400)	22,924	22,924
Net OPEB obligation	4,845,430	1,753,916	(573,935)	6,025,411	-
Compensated absences	974,962	667,399	(734,855)	907,506	771,380
Governmental activity Long-term liabilities	$ 47,809,576	$ 16,536,540	$ (3,634,278)	$ 60,711,838	$ 3,561,732

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Capital lease	$ 66,456	$ -	$ (32,642)	$ 33,814	$ 33,814
Net OPEB obligation	458,446	200,562	(57,314)	601,694	-
Compensated absences	91,118	54,904	(57,469)	88,553	64,823
Business-type activity Long-term liabilities	$ 616,020	$ 255,466	$ (147,425)	$ 724,061	$ 98,637

For governmental funds, compensated absences, OPEB obligations, and claims and judgments are liquidated by the General Fund. For business-type activities, compensated absences and OPEB obligations are liquidated by the Stormwater Utility Fund and the Solid Waste Fund.

NOTE 7. LONG-TERM DEBT (Continued)

Capital Leases - Equipment. The City has entered into lease agreements as lessee for financing the acquisition of equipment (including communication equipment), machinery, and improvements used in general governmental activities and business-type activities. The lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease terms) and, therefore, have been recorded at the present values of the future minimum lease payments as of the date of their inceptions. Lease payments are due in annual installments. As of June 30, 2011, the City had $830,595 and $162,458 for governmental activities and business-type activities, respectively, of machinery and equipment under capital leases.

The City's total capital lease debt service requirements to maturity are as follows:

	Governmental Activities	Business-type Activities
Fiscal Year Ending June 30,		
2012	$ 148,453	$ 35,028
2013	96,737	-
Total minimum lease payments	245,190	35,028
Less amount representing interest	14,032	1,214
Present value of future minimum lease payments	$ 231,158	$ 33,814

Notes Payable. In July 2009, the City issued $5,900,000 in general obligation sales tax notes, with a premium of $100,731 and principal and interest payments beginning January 1, 2010 through January 1, 2013 at an interest rate of 2.00%. The notes will be paid back by the City of Decatur Board of Education (BOE) with special purpose local option sales tax (SPLOST) revenues and thus the City has a note receivable from the BOE equal to the outstanding note. The proceeds from the notes will be used for the cost of acquiring, constructing, and equipping certain capital projects for the City of Decatur Board of Education, as well as the issuance costs. General obligation sales tax notes currently outstanding are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2012	$ 1,600,000	$ 66,000	$ 1,666,000
2013	1,700,000	34,000	1,734,000
Total	$ 3,300,000	$ 100,000	$ 3,400,000

NOTE 7. LONG-TERM DEBT (Continued)

Certificates of Participation. In June 1998, the City entered into a lease pool agreement with the Georgia Municipal Association (the "Association"). The funding of the lease pool was provided by the issuance of $150,126,000 Certificates of Participation by the Association. The Association passed the net proceeds through to the participating municipalities with the City's participation totaling $1,320,000. The lease pool agreement with the Association provides that the City owns their portion of the assets invested by the pool and is responsible for the payment of their portion of the principal and interest of the Certificates of Participation. The principal is due in a lump sum payment on June 1, 2028. Interest is payable at a rate of 4.75% each year. The City draws from the investment to lease equipment from the Association. The lease pool agreement requires the City to make lease payments back into its investment account to fund the principal and interest requirements of the 1998 GMA Certificates of Participation.

As part of the issuance of the certificates of participation, the City entered into an interest rate swap agreement. Under the Swap Agreement, the City is required to pay (1) a semiannual (and beginning July 1, 2003, a monthly) floating rate of interest based on the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index (plus a 31 basis points spread) to, or on behalf of, the Swap Counterparty (the "Swap Payment"); and the Swap Counterparty will pay to, or on behalf of, the City a semi-annual payment based on a rate equal to the fixed rate on the certificates of participation (4.75%) times a notional amount specified in the Swap Agreement, but generally equal to the outstanding unpaid principal portion of such Contract, less the amount originally deposited in the Reserve Fund relating to the Contract, and (ii) a one-time Swap Premium to be paid on the effective date of the Swap Agreement. The semiannual payments from the Swap Counterparty with respect to the City are structured, and expected, to be sufficient to make all interest payments due under the Contract, and related distributions of interest on the Certificates. Monthly interest payments between the City, the holders of the Certificates of Participation, and the Swap Counterparty can be made in net settlement form as part of this agreement. Under the Swap Agreement, the City's obligation to pay floating payments to the Swap Counterparty in any calendar year may not exceed an amount equal to the SIFMA Municipal Swap Index plus 5% to be determined on the first business day of December in the preceding year. This agreement matures on June 1, 2028, at the same time of the certificates of participation. This derivative qualifies as a fair market hedge.

NOTE 7. LONG-TERM DEBT (Continued)

In the unlikely event that the Swap Counterparty becomes insolvent, or fails to make payments as specified in the Swap Agreement, the City would be exposed to credit risk in the amount of the Swap's fair value. To minimize this risk, the City executed this agreement with counterparties of appropriate credit strength, with the counterparty being rated Aa3 by Moody's. At June 30, 2011, the floating rate being paid by the City is 0.4497% and the market value of this agreement is $231,599, a decrease of $19,390 from the market value at the end of the previous fiscal year. The market value of the hedge was determined using settlement prices at the end of the day on June 30, 2011 based on the derivative contract. This market value is reported as an asset in the statement of net assets. As this derivative is an effective hedge, qualifying for hedge accounting, the inflow from the hedge (any change in fair value from inception until fiscal year end) is deferred and reported as deferred revenue in the statement of net assets.

In July 2005, the City issued certificates of participation, Series 2005, in the principal amount of $2,810,000 with principal and interest payments beginning January 1, 2006 through January 1, 2026 at an interest rate of 3.91%. Proceeds were used to acquire, construct, install and equip certain renovations and additions to its City Hall.

The City's total certificates of participation debt service requirements to maturity are as follows:

	Principal	Interest	Total
Fiscal Year Ending June 30,			
2012	$ 115,000	$ 151,262	$ 266,262
2013	120,000	146,765	266,765
2014	125,000	142,073	267,073
2015	130,000	137,186	267,186
2016	130,000	132,103	262,103
2017-2021	745,000	579,185	1,324,185
2022-2026	900,000	421,807	1,321,807
2027-2028	1,320,000	125,400	1,445,400
Total	$ 3,585,000	$ 1,835,781	$ 5,420,781

NOTE 7. LONG-TERM DEBT (Continued)

General Obligation Bonds. In January 2007 the City issued $33,245,000 of Various Purpose Series 2007 General Obligation Bonds, with a premium of $252,988. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping and renovating certain transportation projects, parks and recreation projects, public safety projects, public works projects and projects for the City Schools of Decatur as well as the issuance costs.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. The bonds were issued as 30-year serial bonds with interest rates ranging from 3.75% to 5.00%.

Revenue Bonds. In December 2010 the Urban Redevelopment Agency of the City of Decatur (URA) issued Series 2010A Bonds and a Series 2010B Bond in the amounts of $12,760,000 and $1,000,000, respectively. The proceeds from the bonds will be used to pay for the costs of acquiring, constructing, equipping, and renovating of a fire station, a public works facility, and a recreation center as well as the issuance costs. The bonds are special limited obligations of the URA, payable solely from and secured by pledged revenues under the contract by which the City is required to make installment payments to the URA in amounts sufficient to pay the principal and interest of the bonds. Interest rates range from 2.520% to 5.240% and payments are due semi-annually on July 1 and January 1, beginning July 1, 2011. The bonds mature July 1, 2038.

The City's total debt service requirements to maturity on its bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2012	$ 456,904	$ 2,236,589	$ 2,693,493
2013	492,919	2,215,874	2,708,793
2014	893,994	2,195,798	3,089,792
2015	945,133	2,164,913	3,110,046
2016	1,001,341	2,129,477	3,130,818
2017-2021	5,957,521	9,987,142	15,944,663
2022-2026	7,950,652	8,500,889	16,451,541
2027-2031	10,583,371	6,262,491	16,845,862
2032-2036	13,985,612	3,205,535	17,191,147
2037-2038	4,107,553	273,569	4,381,122
Total	$ 46,375,000	$ 39,172,277	$ 85,547,277

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2011, is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	$ 42,211
General Fund	Solid Waste Fund	139,771
General Fund	Emergency Telephone System Fund	418,500
General Fund	Stormwater Utility Fund	64,442
General Fund	Children and Youth Services Fund	224,494
Nonmajor governmental funds	General Fund	4,373
Conference Center & Parking Deck Fund	Nonmajor governmental funds	16,914
Children and Youth Services Fund	Nonmajor governmental funds	7,533
Children and Youth Services Fund	Nonmajor governmental funds	62,322
Debt Service Fund	URA Bonds Fund	400,773
		$ 1,381,333

All interfund balances resulted from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) repayments between funds are made.

Due to/from primary government and component units:

Receivable Entity	Payable Entity	Amount
Component unit - Decatur Tourism Board	Primary government - Nonmajor Governmental funds	$ 7,202
Component unit - Downtown Development Authority	Primary government - Downtown Development Authority Fund (Agency)	40,099
Primary government - General Fund	Component unit - Downtown Development Authority	266,801
		$ 314,102

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers:

Transfers In	Transfers Out	Amount
Children & Youth Services Fund	General Fund	$ 300,000
Children & Youth Services Fund	Nonmajor governmental funds	62,322
		$ 362,322
Emergency Telephone System Fund	General Fund	$ 200,000
General Fund	Solid Waste Fund	$ 203,000
General Fund	2007 Bonds Fund	166,638
General Fund	Nonmajor governmental funds	145,445
General Fund	Stormwater Utility Fund	231,000
		$ 746,083
2007 Bonds Fund	Nonmajor governmental funds	$ 8,501,981
2007 Bonds Fund	Stormwater Utility Fund	105,520
		$ 8,607,501
Conference & Parking Deck Fund	Nonmajor governmental funds	$ 97,031
URA Bonds Fund	Nonmajor governmental funds	$ 20,240

Transfers are used to (1) reimburse the General Fund, (2) move cash to cover operations to the Emergency Telephone System and Children and Youth Services Funds, (3) move Hotel/Motel taxes between funds for expending in accordance with State law, and (4) to create a new 2007 Bonds Fund and to reimburse the fund for construction and other project costs paid.

Advances to/from other funds are as follows:

Receivable Fund	Payable Fund	Amount
Capital Improvement Fund	Solid Waste Fund	$ 288,232
Capital Improvement Fund	Stormwater Fund	21,990
Capital Improvement Fund	Emergency Telephone System Fund	32,404
		$ 342,626

The amounts payable from the Solid Waste Fund, Stormwater Fund and the Emergency Telephone System Fund relate to equipment purchased through the Capital Improvement Fund and transferred to these funds.

NOTE 9. PENSION PLANS

Plan Description

All of the City's full-time regular employees are covered by the City's single-employer defined benefit pension plan (the "Plan") which is administered by the Decatur Employees' Retirement System. The Plan was established in 1947 by the Decatur City Commission. The Board of Trustees of the Plan has the authority to establish and amend the Plan. The Plan is contributory in nature with contributions coming from both the City and its covered employees. All eligible employees become participants in the Plan upon employment, while elected officials are not covered. Employees become fully vested after 10 years of service. The Plan does not issue a separate financial statement.

As of July 1, 2011 the most recent actuarial valuation date, the plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	74
Terminated vested participants not yet receiving benefits	4
Active participants	191
	269

Employee Contributions

Plan members are required to contribute to the Plan in the following manner:

Public Safety Employees	11% of compensation
General Employees	4% of compensation up to $2,000 plus 8% of compensation in excess of $2,000

Plan members who were active employees on July 1, 1997, and elected not to have the Unreduced Early Retirement Option are required to contribute to the Plan in the following manner:

Public Safety Employees	9% of compensation
General Employees	2% of compensation up to $2,000 plus 6% of compensation in excess of $2,000

Employee contributions are made on a pre-tax basis as permitted under Section 414(h) of the Internal Revenue Code. Public Safety employees consist of firefighters and police officers.

NOTE 9. PENSION PLANS (Continued)

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia.

Benefits

Benefits are calculated as a percentage of the average basic earnings in the 60 consecutive months in which the employee received the highest compensation multiplied by the number of years of service, as described in the Plan document. The minimum benefit is $3,000 per year, upon retirement.

Summary of Significant Accounting Policies

The financial statements of the Plan are prepared on the accrual basis of accounting. Contributions from the City and employees are recognized as revenue in the period in which the contributions are due. Investment earnings are recognized by the Plan when earned. Benefit payments and refunds are recognized when due and payable in accordance with the terms of the Plan. Administrative costs are paid from the earnings of the fund.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on exchanges are valued at last reported sales price. The method for determining the actuarial valuation of assets is the 20% write up method.

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the Board of Trustees. Normal cost is funded on a current basis. The unfunded actuarial accrued liability is amortized over an open, 20 year level dollar method. Periodic contributions for normal costs are based on the level percentage of payroll method. Current contributions are sufficient to fund the normal costs as required by state law.

The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation using the entry age method. The actuarial assumptions included:

- 7.5% rate of return on investments.
- Projected salary increases of 1% - 5% per year, depending on age (3% for inflation and 1% for other causes).
- The post-retirement benefit limits increase 5% per year.
- Minimum monthly benefit of $250.

NOTE 9. PENSION PLANS (Continued)

Funding Policy (Continued)

The following is a schedule of funding progress, using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2011, the funded status of the Plan was as follows:

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2011	$ 27,878,500	$ 35,481,244	$ 7,602,744	78.6%	$ 10,237,804	74.3%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2011.

Annual Pension Cost

The City's actuarially determined contribution, pension cost and increase in net pension obligation (asset) for the year ended June 30, 2011, is as follows:

Annual required contribution	$ 843,607
Interest on net pension obligation (asset)	(50,530)
Adjustments to annual required contribution	87,158
Annual pension cost	880,235
Contributions made	798,184
Decrease in net pension obligation (asset)	82,051
Net pension obligation (asset), beginning of year	(673,731)
Net pension obligation (asset), end of year	$ (591,680)

The City's net pension asset is reported as other non-current assets on the statement of net assets.

For the year ended June 30, 2011, the City's contribution was 7.80% of covered payroll.

NOTE 9. PENSION PLANS (Continued)

Annual Pension Cost (Continued)

The funding policy for the Plan is to contribute an amount equal to the recommended contribution as determined by the Plan's actuary. The recommended contribution for fiscal year 2011 was determined as part of the July 1, 2010 actuarial valuation. The chart below shows the annual pension cost for the current year and prior two years along with the percentage actually contributed by the City.

Trend Information

Fiscal Year Ending	Annual Pension Cost	Percentage Contributed	Net Pension Obligation (Asset)
June 30, 2011	$ 880,235	91%	$ (591,680)
June 30, 2010	819,325	101%	(673,731)
June 30, 2009	783,352	98%	(666,513)

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Decatur Other Post-Retirement Benefits Plan (the "OPEB Plan") is a single-employer defined benefit post-retirement health care, dental and vision plan, or other post employment benefit (OPEB) plan. The City Commission has the authority to establish and amend the Plan. The City has not elected to advance fund the plan, but rather maintains the plan on a "pay as you go" basis, in that claims are paid as they arise, rather than establishing an irrevocable trust to accumulate restricted funds. The OPEB Plan does not issue a separate report.

Benefits

Eligible retirees and former employees are offered the same health, prescription drug, vision and dental coverage as active employees. The City pays 100% of the premiums for eligible employees.

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Eligibility

Eligible participants for Other Post-Employment Benefits include:
1.The City requires all employees to enroll in the OPEB plan.
2.Surviving spouses/beneficiaries enrolled in the plan.
3.Certain disabled former employees.

Plan Membership

As of July 1, 2010, the most recent actuarial valuation date, the Plan membership included the following categories of participants:

Retirees and beneficiaries receiving benefits	65
Fully eligible actives	22
Active participants	157
	244

City Contributions

The City contribution is determined by the actuary as necessary to keep the Plan in compliance with the funding requirements of the State of Georgia, however the City has elected to fund the plan on a pay-as-you go basis.

The annual required contribution for the current year was determined as part of the July 1, 2010, actuarial valuation. The actuarial assumptions included:

Cost Method	Individual Entry Age Normal Level Dollar
Actuarial Asset Valuation Method	Not applicable
Assumed Rate of Return on Investments	3.5% (Includes inflation of 3.0%)
Healthcare Cost Trend Rate	7.0% (Includes inflation of 3.0%)
Ultimate Healthcare Cost Trend Rate	5.0%
Year of Ultimate Trend Rate	2027
Amortization Method	2.5% Payroll Growth (open)
Remaining Amortization Period	30 years

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

City Contributions (Continued)

The following is a schedule of funding progress using the entry age actuarial cost method. As of the most recent valuation date, July 1, 2010, the funded status of the Plan was as follows:

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2011	-	$ 28,729,097	$ 28,729,097	0.0%	$ 8,764,803	327.8%

The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan net assets is increasing or decreasing over time relative to the actuarial accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations reflect a long-term perspective. Calculations are based on the substantive plan in effect as of July 1, 2010. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City and plan members in the future.

Annual OPEB Cost

The City's actuarially determined contribution, OPEB cost and increase in net OPEB obligation for the year ended June 30, 2011, is as follows:

Annual required contribution	$ 1,971,645
Interest on net OPEB obligation	185,636
Adjustments to annual required contribution	(202,805)
Annual OPEB cost	1,954,476
Contributions made	631,247
Increase in net OPEB obligation	1,323,229
Net OPEB obligation, beginning of year	5,303,876
Net OPEB obligation, end of year	$ 6,627,105

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost (Continued)

For the year ended June 30, 2011, the City's contribution was 7.20% of covered payroll.

The recommended contribution was determined as part of the July 1, 2010 actuarial valuation. The chart below shows the annual OPEB cost for the current year, along with the percentage actually contributed by the City.

Schedule of Employer Costs and Contributions

Fiscal Year Ending	Annual OPEB Cost	Employer Contribution	Percentage of ARC Contributed	Net OPEB Obligation
June 30, 2011	$ 1,954,476	$ 631,247	32%	$ 6,627,105
June 30, 2010	3,651,771	693,318	19%	5,303,876
June 30, 2009	3,372,964	1,027,541	30%	2,345,423

NOTE 11. DEFINED CONTRIBUTION PENSION PLAN

The City of Decatur's Internal Revenue Code Section 457 Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the City's Commission. At June 30, 2011, there were 65 plan members.

Employees are not required to contribute to the Plan. Employees may contribute a portion of their gross salary, not to exceed the IRS guidelines, into the Plan. The Plan allows employees to increase, decrease, stop and restart deferrals as often as they wish without penalties or fees. The City's Commission has approved discretionary employer contributions for six employees. Total employer and employee contributions for the year ended June 30, 2011, were $57,378 and $114,233, respectively.

The Decatur Downtown Development Authority's Internal Revenue Code Section 401(a) Plan (the "Plan") is a deferred compensation plan and qualifies as a defined contribution pension plan. The Plan is administered by ICMA Retirement Corporation and Vantage Trust for all full time employees. Plan provisions and contribution requirements are established and may be amended by the Assistant City Manager. At June 30, 2011, there were 2 plan members.

Employees are not required to contribute to the Plan. Total employer contributions for the year ended June 30, 2011, were $5,041.

NOTE 12. FUND DEFICITS

For the year ended June 30, 2011, the City's Solid Waste Fund had deficit net assets of $227,166. The fund deficit in the Solid Waste Fund will be reduced through increased user charges, reduced collection fees and General Fund appropriations, as needed.

NOTE 13. JOINT VENTURE

Under Georgia law, the City, in conjunction with other cities and counties in the Atlanta, Georgia area, is a member of the Atlanta Regional Commission (ARC). Dues to the ARC are assessed at the County level and are, accordingly, paid by DeKalb County. Membership in the ARC is required by the Official Code of Georgia Annotated (OCGA) Section 50-8-34 which provides for the organizational structure of the ARC in Georgia. The ARC Board membership includes the chief elected official of each county and various municipalities of the area. OCGA 50-8-39.1 provides that the member governments are liable for any debts or obligations of the ARC. Separate financial statements may be obtained from ARC, 40 Courtland Street, NE, Atlanta, Georgia 30303.

NOTE 14. RELATED ORGANIZATIONS

The City's mayor is responsible for appointing all board members of the Decatur Housing Authority. However, the City has no further accountability for the authority.

NOTE 15. RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has joined together with other municipalities in the state as part of the Georgia Interlocal Risk Management Agency Property and Liability Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for member local governments.

As part of this risk pool, the City is obligated to pay all contributions and assessments as prescribed by the pool, to cooperate with the pool's agents and attorneys, to follow loss reduction procedures established by the fund, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the fund being required to pay any claim of loss. The City is also to allow the pool's agents and attorneys to represent the City in investigation, settlement discussions and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the fund.

NOTE 15. RISK MANAGEMENT (Continued)

The fund is to defend and protect the members of the fund against liability or loss as prescribed in the member government contract. The fund is to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense.

Settled claims have not exceeded the coverage in the last three years.

The City carries commercial insurance for other risks of losses. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage in the last three years.

Workers' Compensation Insurance

The City is partially self-insured for workers' compensation claims. The City pays annual aggregate claims up to $1,000,000 over a two-year period. After the claims reach this amount, a private insurance carrier pays the remaining claims. In addition to the biennial aggregate limit, individual limits for City payments are $300,000 per claim. After the individual limits are met, the private insurance carrier covers the claims. The City has entered into a contract with a third party to administer the program. This activity is recorded in the General Fund. The following describes the activity related to these claims based on actual claims presented after year-end and historical experience.

Fiscal Year	Beginning of Year Claims Liability	Current Year Claims and Changes in Estimates	Claims Paid	End of Year Claims Liability
2011	$ 68,951	$ 108,075	$ 115,019	$ 62,007
2010	$ 16,116	$ 127,592	$ 74,757	$ 68,951

NOTE 16. COMMITMENTS AND CONTINGENCIES

Litigation:

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

NOTE 16. COMMITMENTS AND CONTINGENCIES (Continued)

Contractual Commitments:

For the fiscal year ended June 30, 2011, contractual commitments on uncompleted contracts were $2,261,173.

Grant Contingencies:

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, management of the City believes such disallowances, if any, will not be significant.

NOTE 17. HOTEL/MOTEL LODGING TAX

The City imposes a hotel/motel tax on lodging facilities within the City. The tax was assessed at 7%. Revenues were $339,377 for the year ended June 30, 2011. Of this amount 100% was expended. Expenditures of the tax were used to promote tourism, conventions, and trade shows to operate, maintain, and market a conference center facility as required by O.C.G.A. 48-13-51.

NOTE 18. CHANGES IN ACCOUNTING PRINCIPLE

In conjunction with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, management of the City has made changes to the governmental funds it reports in its basic financial statements. The changes made during the current reporting period affect beginning fund balance reported in the Statement of Revenues, Expenditures and Changes in Fund Balance. These changes are described further below.

Previously, the Greenspace Fund was a separate fund used to account for amounts received and expended for greenspace acquisitions. With the implementation of GASB Statement No. 54, the Greenspace Fund no longer met the definition of a special revenue fund and thus the activities of the fund were consolidated into the General Fund. As a result, the following restatement to beginning fund balance was noted for the General Fund:

Fund balance, General Fund, as previously reported	$ 7,692,797
Restatement for consolidation of Greenspace Fund	11,936
Beginning fund balance, General Fund, restated	$ 7,704,733

NOTE 19. CHANGE IN REPORTING ENTITY

The City of Decatur has previously reported the Decatur City School System as a discretely presented component unit in the Statement of Net Assets and Statement of Activities. The school system was previously determined to not be fiscally independent as the City owned and maintained all of the school buildings and facilities. However, in May 2011, the City transferred title and maintenance of the buildings and facilities to the school system. With the transfer of the assets, management has reevaluated the reporting of the school system in accordance with Governmental Accounting Standards Board Statement Number 14. Under this standard the Decatur City School System is determined to be a fiscally independent entity and will not be reported in the City's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2011

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2011	$ 27,878,500	$ 35,481,244	$ 7,602,744	78.6%	$ 10,237,604	74.3%
6/30/2010	26,209,110	34,154,214	7,945,104	76.7%	9,999,934	79.5%
6/30/2009	24,993,639	31,834,462	6,840,823	78.5%	10,518,679	65.1%
6/30/2008	23,974,434	28,554,857	4,580,423	84.0%	9,424,366	48.6%
6/30/2007	22,454,254	26,137,175	3,682,921	85.9%	8,305,214	44.3%
6/30/2006	20,626,000	24,449,540	3,823,540	84.4%	7,909,378	48.3%

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYEMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2011

Fiscal Year End	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
6/30/2011	-	$ 28,729,097	$ 28,729,097	0.0%	$ 8,764,803	327.8%
6/30/2010	-	52,231,040	52,231,040	0.0%	9,999,934	522.3%
6/30/2009	-	47,747,107	47,747,107	0.0%	10,518,679	453.9%

Note: See assumptions used for the Schedule of Funding Progress in Note 10 to the financial statements.

CITY OF DECATUR, GEORGIA

REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2011

Fiscal Year Ending	Annual Required Contribution (ARC)	Employer Contribution	Percentage of ARC Contributed
June 30, 2011	$ 843,607	$ 798,184	95%
June 30, 2010	781,383	826,543	106%
June 30, 2009	733,779	763,973	104%
June 30, 2008	729,462	708,216	103%
June 30, 2007	770,443	755,336	102%
June 30, 2006	790,460	790,460	100%

Note: See assumptions used for the Schedule of Funding Progress in Note 9 to the financial statements.

CITY OF DECATUR, GEORGIA

NONMAJOR GOVERNMENTAL FUNDS

Confiscated Drug Fund – To account for the use of confiscated drug money by the City's Police Department.

Grant Fund – To account for grants received and the expenditures related to the grants.

Economic Development Fund – To account for monies received from various grantor donors.

Hotel/Motel Tax Fund – To account for the 7% lodging tax levied in the City.

Capital Improvement Fund – To account for the receipts and expenditures of money for major capital projects.

Cemetery Capital Improvement Fund – To account for the financing and expenditure activity of a capital nature occurring within the cemetery. Financing is provided by one-half of the proceeds from cemetery lot sales. This fund is intended to provide for the capital needs of the cemetery into perpetuity.

CITY OF DECATUR, GEORGIA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS	Special Revenue Funds				Capital Projects Funds		Total Nonmajor Governmental Funds
	Confiscated Drug Fund	Grant Fund	Economic Development Fund	Hotel/Motel Tax Fund	Capital Improvement Fund	Cemetary Capital Improvement Fund	
Cash and cash equivalents	$ 11,993	$ 45,328	$ 36,679	$ 105,394	$ 1,408,511	$ 40,843	$ 1,648,748
Taxes receivable	-	-	-	25,199	36,420	-	61,619
Other receivables	-	83,862	-	-	13,921	-	97,783
Due from other funds	-	-	4,373	-	-	-	4,373
Restricted investments	-	-	-	-	705,249	-	705,249
Advances to other funds	-	-	-	-	342,626	-	342,626
Prepaid expenditures	-	-	-	-	44,281	-	44,281
Total assets	$ 11,993	$ 129,190	$ 41,052	$ 130,593	$ 2,551,008	$ 40,843	$ 2,904,679
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Accounts payable	$ -	$ -	$ 1,350	$ -	$ -	$ -	$ 1,350
Accrued payables	-	43,015	-	-	11,832	-	54,847
Deferred revenues	-	-	-	-	21,226	-	21,226
Due to other funds	-	86,175	-	42,268	537	-	128,980
Due to component unit	-	-	-	7,202	-	-	7,202
Total liabilities	-	129,190	1,350	49,470	33,595	-	213,605
FUND BALANCES							
Nonspendable:							
Prepaids	-	-	-	-	44,281	-	44,281
Advances	-	-	-	-	342,626	-	342,626
Restricted							
Equipment purchases	-	-	-	-	705,249	-	705,249
Law enforcement	11,993	-	-	-	-	-	11,993
Tourism	-	-	-	81,123	-	-	81,123
Committed							
Tree preservation	-	-	39,702	-	-	-	39,702
Assigned							
Cemetery operations	-	-	-	-	-	40,843	40,843
Equipment purchases	-	-	-	-	1,425,257	-	1,425,257
Total fund balance	11,993	-	39,702	81,123	2,517,413	40,843	2,691,074
Total liabilities and fund balances	$ 11,993	$ 129,190	$ 41,052	$ 130,593	$ 2,551,008	$ 40,843	$ 2,904,679

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds				Capital Projects Funds		
	Confiscated Drug Fund	Grant Fund	Economic Development Fund	Hotel/Motel Tax Fund	Capital Improvement Fund	Cemetery Capital Improvement Fund	Total Nonmajor Governmental Funds
REVENUES							
Taxes	$ -	$ -	$ -	$ 339,377	$ 1,138,822	$ -	$ 1,478,199
Charges for services	-	-	13,030	-	-	-	13,030
Intergovernmental	-	143,340	-	-	81,787	-	225,127
Interest	27	-	595	-	15,443	-	16,065
Miscellaneous	-	-	-	-	5,288	65,499	70,787
Contributions	-	15,940	-	-	-	-	15,940
Total revenues	27	159,280	13,625	339,377	1,241,340	65,499	1,819,148
EXPENDITURES							
Current							
General government	-	108,346	23,105	97,032	210,817	25,209	464,509
Public safety	700	52,805	-	-	-	-	53,505
Capital outlay	21,050	-	-	-	258,068	-	279,118
Debt service:							
Principal retirements	-	-	-	-	242,848		242,848
Interest expenditures	-	-	-	-	114,745	-	114,745
Total expenditures	21,750	161,151	23,105	97,032	826,478	25,209	1,154,725
Excess (deficiency) of revenues over (under) expenditures	(21,723)	(1,871)	(9,480)	242,345	414,862	40,290	664,423
Other financing uses							
Transfers out	-	(62,322)	(60,000)	(242,476)	(8,142,221)	(320,000)	(8,827,019)
Net change in fund balances	(21,723)	(64,193)	(69,480)	(131)	(7,727,359)	(279,710)	(8,162,596)
FUND BALANCES, beginning of year, restated	33,716	64,193	109,182	81,254	10,244,772	320,553	10,853,670
FUND BALANCES, end of year	$ 11,993	$ -	$ 39,702	$ 81,123	$ 2,517,413	$ 40,843	$ 2,691,074

CITY OF DECATUR, GEORGIA
CONFISCATED DRUG FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Interest	$ 50	$ 30	$ 27	$ (3)
EXPENDITURES				
Public safety	2,500	700	700	-
Capital outlay	-	21,050	21,050	-
Total expenditures	2,500	21,750	21,750	-
Net change in fund balances	(2,450)	(21,720)	(21,723)	(3)
FUND BALANCES, beginning of year	33,716	33,716	33,716	-
FUND BALANCES, end of year	$ 31,266	$ 11,996	$ 11,993	$ (3)

CITY OF DECATUR, GEORGIA
GRANT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 500,000	$ 222,000	$ 143,340	$ (78,660)
Contributions	-	-	15,940	15,940
Total revenue	500,000	222,000	159,280	(62,720)
EXPENDITURES				
General government	-	162,000	108,346	53,654
Public safety	-	-	52,805	(52,805)
Education	500,000	16,200	-	16,200
Total expenditures	500,000	178,200	161,151	17,049
Excess (deficiency) of revenues over expenditures	-	43,800	(1,871)	(45,671)
OTHER FINANCING USES				
Transfers out	-	-	(62,322)	(62,322)
Net change in fund balances	-	43,800	(64,193)	(107,993)
FUND BALANCES, beginning of year	64,193	64,193	64,193	-
FUND BALANCES, end of year	$ 64,193	$ 107,993	$ -	$ (107,993)

CITY OF DECATUR, GEORGIA
ECONOMIC DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Charges for services	$ -	$ 8,820	$ 13,030	$ 4,210
Interest	500	750	595	(155)
Total revenue	500	9,570	13,625	4,055
EXPENDITURES				
General government	25,000	24,000	23,105	895
Deficiency of revenues over expenditures	(24,500)	(14,430)	(9,480)	4,950
OTHER FINANCING USES				
Transfers out	-	(60,000)	(60,000)	-
Net change in fund balances	(24,500)	(74,430)	(69,480)	
FUND BALANCES, beginning of year	109,182	109,182	109,182	-
FUND BALANCES, end of year	$ 84,682	$ 34,752	$ 39,702	$ 4,950

CITY OF DECATUR, GEORGIA
HOTEL/MOTEL TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 300,000	$ 326,000	$ 339,377	$ 13,377
EXPENDITURES				
General government	85,000	93,000	97,032	(4,032)
Excess of revenues over expenditures	215,000	233,000	242,345	9,345
OTHER FINANCING USES				
Transfers out	(215,000)	(233,000)	(242,476)	9,476
Net change in fund balances	-	-	(131)	(131)
FUND BALANCES, beginning of year	81,254	81,254	81,254	-
FUND BALANCES, end of year	$ 81,254	$ 81,254	$ 81,123	$ (131)

CITY OF DECATUR, GEORGIA

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,720,000	$ 1,765,000	$ 1,822,659	$ 57,659
Interest	17,000	17,000	7,726	(9,274)
Miscellaneous	-	98,000	98,000	-
Total revenues	1,737,000	1,880,000	1,928,385	48,385
EXPENDITURES				
Debt service:				
Principal	355,000	1,955,000	1,955,000	-
Interest	1,436,500	1,534,500	1,529,716	4,784
Total expenditures	1,791,500	3,489,500	3,484,716	4,784
Net change in fund balances	(54,500)	(1,609,500)	(1,556,331)	53,169
FUND BALANCES, beginning of year	6,214,225	6,214,225	6,214,225	-
FUND BALANCES, end of year	$ 6,159,725	$ 4,604,725	$ 4,657,894	$ 53,169

CITY OF DECATUR, GEORGIA
2007 BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental	$ 375,120	$ 375,120	$ 261,808	$ (113,312)
Interest	15,300	15,300	14,595	(705)
Total revenues	390,420	390,420	276,403	(114,017)
EXPENDITURES				
General government	203,800	203,800	36,903	166,897
Capital outlay	2,380,080	2,380,080	2,484,974	(104,894)
Total expenditures	2,583,880	2,583,880	2,521,877	62,003
Deficiency of revenues over expenditures	(2,193,460)	(2,193,460)	(2,245,474)	(176,020)
OTHER FINANCING SOURCES (USES)				
Transfers in	8,779,449	8,779,449	8,607,501	(171,948)
Transfers out	-	-	(166,638)	(166,638)
Total other financing sources (uses)	8,779,449	8,779,449	8,440,863	(338,586)
Net change in fund balances	6,585,989	6,585,989	6,195,389	(390,600)
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ 6,585,989	$ 6,585,989	$ 6,195,389	$ (390,600)

CITY OF DECATUR, GEORGIA
URA BONDS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ -	$ -	$ 1,751	$ 1,751
Interest	5,000	5,000	8,996	3,996
Total revenues	5,000	5,000	10,747	5,747
EXPENDITURES				
General government	44,240	44,240	140	44,100
Capital outlay	2,446,840	2,446,840	1,748,983	697,857
Debt service:				
Costs of debt issuance	247,190	247,190	270,530	(23,340)
Total expenditures	2,738,270	2,738,270	2,019,653	718,617
Deficiency of revenues over expenditures	(2,733,270)	(2,733,270)	(2,008,906)	724,364
OTHER FINANCING SOURCES				
Proceeds from bond issuance	13,760,000	13,760,000	13,760,000	-
Transfers in	-	-	20,240	20,240
Total other financing sources	13,760,000	13,760,000	13,780,240	20,240
Net change in fund balances	11,026,730	11,026,730	11,771,334	744,604
FUND BALANCES, beginning of year	-	-	-	-
FUND BALANCES, end of year	$ 11,026,730	$ 11,026,730	$ 11,771,334	$ 744,604

CITY OF DECATUR, GEORGIA
CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	$ 1,135,000	$ 1,135,000	$ 1,138,822	$ 3,822
Intergovernmental	160,000	160,000	81,787	(78,213)
Interest	1,000	1,000	15,443	14,443
Miscellaneous	5,280	5,280	5,288	8
Total revenues	1,301,280	1,301,280	1,241,340	(59,940)
EXPENDITURES				
General government	294,950	294,950	210,817	84,133
Capital outlay	333,000	333,000	258,068	74,932
Debt service:				
Principal retirements	243,000	243,000	242,848	152
Interest expenditures	118,000	118,000	114,745	3,255
Total expenditures	988,950	988,950	826,478	162,472
Excess of revenues over expenditures	312,330	312,330	414,862	102,532
OTHER FINANCING USES				
Transfers out	(8,293,929)	(8,293,929)	(8,142,221)	151,708
Net change in fund balances	(7,981,599)	(7,981,599)	(7,727,359)	254,240
FUND BALANCES, beginning of year, restated	10,244,772	10,244,772	10,244,772	-
FUND BALANCES, end of year	$ 2,263,173	$ 2,263,173	$ 2,517,413	$ 254,240

CITY OF DECATUR, GEORGIA
CEMETERY CAPITAL IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2011

	Budget			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Miscellaneous	$ 50,000	$ 60,300	$ 65,499	$ 5,199
EXPENDITURES				
General government	25,000	33,500	25,209	8,291
Excess of revenues over expenditures	25,000	26,800	40,290	13,490
OTHER FINANCING USES				
Transfers out	(50,000)	(320,000)	(320,000)	-
Net change in fund balances	(25,000)	(293,200)	(279,710)	13,490
FUND BALANCES, beginning of year	320,553	320,553	320,553	-
FUND BALANCES, end of year	$ 295,553	$ 27,353	$ 40,843	$ 13,490

CITY OF DECATUR, GEORGIA

FIDUCIARY FUNDS

Municipal Court Fund – To account for the collection of court fines and miscellaneous charges and payments to the General Fund and other governments.

Board of Education Fund – To account for the collection and payment of property taxes levied and collected by the City for the City of Decatur Board of Education.

Downtown Development Authority Fund – To account for the collection and payment of property taxes levied and collected by the City for the Decatur Downtown Development Authority.

CITY OF DECATUR, GEORGIA

COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2011

ASSETS	Municipal Court Fund	Board of Education Fund	Downtown Development Authority Fund	Totals
Cash	$ 118,969	$ 2,147,466	$ 40,099	$ 2,306,534
Uncollected taxes	-	640,048	-	640,048
Total assets	$ 118,969	$ 2,787,514	$ 40,099	$ 2,946,582
LIABILITIES				
Due to others	$ 118,969	$ 2,787,514	$ -	$ 2,906,483
Due to component unit	-	-	40,099	40,099
Total liabilities	$ 118,969	$ 2,787,514	$ 40,099	$ 2,946,582

CITY OF DECATUR, GEORGIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
MUNICIPAL COURT				
Assets - cash	$ 75,705	$ 1,460,606	$ 1,417,342	$ 118,969
Liabilities - due to others	$ 75,705	$ 1,460,606	$ 1,417,342	$ 118,969
BOARD OF EDUCATION				
Assets:				
Cash	$ 2,656,013	$ 23,824,152	$ 24,332,699	$ 2,147,466
Uncollected taxes	-	640,048	-	640,048
Total assets	$ 2,656,013	$ 24,464,200	$ 24,332,699	$ 2,787,514
Liabilities - due to others	$ 2,656,013	$ 24,464,200	$ 24,332,699	$ 2,787,514
DOWNTOWN DEVELOPMENT AUTHORITY				
Assets - cash	$ 51,085	$ 433,790	$ 444,776	$ 40,099
Liabilities - due to component unit	$ 51,085	$ 433,790	$ 444,776	$ 40,099
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 2,782,803	$ 25,718,548	$ 26,194,817	$ 2,306,534
Uncollected taxes	-	640,048	-	640,048
Total assets	$ 2,782,803	$ 26,358,596	$ 26,194,817	$ 2,946,582
Liabilities:				
Due to others	$ 2,731,718	$ 25,924,806	$ 25,750,041	$ 2,906,483
Due to component unit	51,085	433,790	444,776	40,099
Total liabilities	$ 2,782,803	$ 26,358,596	$ 26,194,817	$ 2,946,582

COMPONENT UNITS

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
JUNE 30, 2011

ASSETS		
Cash	$	523,509
Taxes receivable		13,749
Other receivables		3,662
Due from primary government		40,099
Prepaids		37,360
Total assets	$	618,379
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	12,558
Due to primary government		266,801
Deferred revenue		7,965
Total liabilities		287,324
FUND BALANCE		
Nonspendable - prepaids		37,360
Unassigned		293,695
Total fund balance		331,055
Total liabilities and fund balance	$	618,379

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DOWNTOWN DEVELOPMENT AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUES		
Taxes	$	429,738
Miscellaneous		316,016
Total revenues		745,754
EXPENDITURES		
Downtown development		756,252
Total expenditures		756,252
Net change in fund balance		(10,498)
FUND BALANCE, beginning of year		341,553
FUND BALANCE, end of year	$	331,055

CITY OF DECATUR, GEORGIA

BALANCE SHEET
COMPONENT UNIT - DECATUR TOURISM BOARD
JUNE 30, 2011

ASSETS		
Cash	$	36,925
Accounts Receivable		7,202
Total assets	$	44,127
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$	2,233
FUND BALANCE		
Restricted for promotion of tourism		41,894
Total liabilities and fund balance	$	44,127

CITY OF DECATUR, GEORGIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
COMPONENT UNIT - DECATUR TOURISM BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

REVENUES		
Taxes	$	97,031
Interest		71
Total revenues		97,102
EXPENDITURES		
Tourism		87,970
Total expenditures		87,970
Net change in fund balance		9,132
FUND BALANCE, beginning of year		32,762
FUND BALANCE, end of year	$	41,894

STATISTICAL SECTION

This part of the City of Decatur's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Page

Financial Trends 89

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 92

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity 100

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 104

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 107

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF DECATUR, GEORGIA

NET ASSETS BY COMPONENT
LAST NINE YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2011	2010	2009	2008
Governmental activities				
Invested in capital assets, net of related debt	**$ 12,718** (2)	$ 52,582	$ 49,255	$ 33,445
Restricted	**1,073**	663	129	1,044
Unrestricted	**(11,007)** (2)	11,384	9,040	12,270
Total governmental activities net assets	**$ 2,784** (2)	$ 64,629	$ 58,424	$ 46,759
Business-type activities				
Invested in capital assets, net of related debt	**$ 4,448**	$ 4,754	$ 5,027	$ 4,661
Unrestricted	**1,743**	1,469	1,524	1,054
Total business-type activities net assets	**$ 6,191**	$ 6,223	$ 6,551	$ 5,715
Primary government				
Invested in capital assets, net of related debt	**$ 17,166**	$ 57,336	$ 54,282	$ 38,106
Restricted	**1,073**	663	129	1,044
Unrestricted	**(9,263)**	12,853	10,564	13,324
Total primary government net assets	**$ 8,975**	$ 70,852	$ 64,975	$ 52,474

NOTE: (1) The decrease in 2007 is due to the issuance of $33,245,000 in general obligation bonds, with $16,500,000 paid to the City Schools of Decatur rather than to capital assets of the City.

(2) In May 2011 the City of Decatur transferred title to all of the capital assets related to the schools to the City Schools of Decatur. This reduced the amount reported as invested in capital assets, net of related debt and net assets overall for governmental activities.

2007	2006	2005	2004	2003
$ 28,897 (1)	$ 46,046	$ 42,667	$ 42,074	$ 43,864
823	595	-	-	-
8,875	7,517	8,822	10,051	9,997
$ 38,595	$ 54,158	$ 51,489	$ 52,125	$ 53,861
$ 4,154	$ 3,387	$ 3,021	$ 2,658	$ 2,444
895	929	618	585	656
$ 5,049	$ 4,316	$ 3,639	$ 3,243	$ 3,100
$ 33,051	$ 49,433	$ 45,688	$ 44,732	$ 46,308
823	595	-	-	-
9,770	8,446	9,440	10,636	10,653
$ 43,644	$ 58,474	$ 55,128	$ 55,368	$ 56,961

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS
LAST NINE YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses									
Governmental activities:									
General government	**$ 6,951**	$ 6,804	$ 6,382	$ 5,406 (6)	$ 8,589 (6)	$ 8,729 (1)	$ 5,233	$ 4,118	$ 4,030
Education	**-**	2,071	1,314	1,945	2,007	1,845	1,926	1,914	1,499
Public safety	**9,648**	10,511	10,295 (9)	8,331	8,043	8,414	7,659	7,133	6,340
Public works	**3,731**	3,883	3,855	3,508	3,310	3,544	3,380	3,163	2,758
Recreation	**2,887**	3,041	3,163	2,152	1,865	1,873	1,605	1,818	1,649
Community & economic development	**-**	-	-	-	-	-	-	-	318
Interest on long-term debt	**1,869**	1,878	1,586	1,632 (7)	804 (7)	106	99	24	35
Total governmental activities expenses	**25,084**	28,188	26,595	22,974	24,618	24,511	19,902	18,170	16,629
Business-type activities:									
Conference center	**314**	325	363 (10)	516	516	561	595	611	671
Stormwater	**592**	713	641	662	552	793	1,588	670	648
Solid waste	**1,979**	2,154	2,017	2,085	2,076	1,945	1,796	1,830	1,857
Total business-type activities expenses	**2,885**	3,192	3,021	3,263	3,144	3,299	3,979	3,111	3,176
Total primary government expenses	**$ 27,969**	$ 31,380	$ 29,616	$ 26,237	$ 27,762	$ 27,810	$ 23,881	$ 21,281	$ 19,805
Program Revenues									
Governmental activities:									
Charges for services:									
General government	**$ 1,142**	$ 842	$ 839	$ 1,229	$ 905	$ 773	$ 433	$ 588	$ 414
Education	**36**	91	-	249	230	-	-	-	-
Public safety	**2,252**	1,985	1,657	1,672	1,500	1,214	1,241	1,257	1,246
Public works	**79**	114	89	103	88	379	84	117	149
Recreation	**1,399**	1,322	1,075	776	639	618	524	677	712
Community & economic development	**-**	-	-	-	-	261	197	214	-
Operating grants and contributions	**324**	320	356	657	790	997	1,065	479	435
Capital grants and contributions	**624**	10,474	16,419 (11)	7,582 (8)	3,362 (8)	8,153 (1)	1,786	1,949	7,493
Total governmental activities program revenues	**5,856**	15,148	20,435	12,268	7,514	12,395	5,330	5,281	10,449
Business-type activities:									
Charges for services:									
Solid waste	**81**	84	84	84	79	76	106	66	74
Stormwater	**988**	928	1,023	984	1,000	973	889	780	924
Conference center	**2,226**	2,223	2,266	2,377	2,342	2,332	2,154	2,043	2,039
Capital grants and contributions	**-**	-	-	-	-	-	-	-	47
Total business-type activities program revenues	**3,295**	3,235	3,373	3,445	3,421	3,381	3,149	2,889	3,084
Total primary government program revenues	**$ 9,151**	$ 18,383	$ 23,808	$ 15,713	$ 10,935	$ 15,776	$ 8,479	$ 8,170	$ 13,533

(Continued)

CITY OF DECATUR, GEORGIA

CHANGES IN NET ASSETS
LAST NINE YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense)/revenue									
Governmental activities	**$ (19,228)**	$ (12,840)	$ (10,706)	$ (10,706)	$ (17,104)	$ (12,116)	$ (14,572)	$ (12,889)	$ (6,180)
Business-type activities	**409**	43	182	182	277	82	(830)	(222)	(92)
Total primary government net expense	**$ (18,818)**	$ (12,797)	$ (10,524)	$ (10,524)	$ (16,827)	$ (12,034)	$ (15,402)	$ (13,111)	$ (6,272)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	**$ 14,571**	$ 15,135	$ 14,585	$ 14,852	$ 14,456 (3)	$ 11,847	$ 11,287	$ 9,848	$ 10,322
Franchise taxes	**1,466**	1,377	1,364	1,354	1,227	1,254	1,067	1,034	1,047
Sales taxes	**694**	617	641	662	608	579	250	261	219
Other taxes	**1,397**	1,394	1,399	1,397	1,495	1,363	1,252	1,220	1,125
Unrestricted investment earnings	**55**	151	307	1,081	710 (4)	312	188	40	35
Gain on sale of capital assets	**-**	-	13	7	1	24	8	16	11
Transfers	**442**	371	(484)	(483)	(456)	(595)	(116)	(110)	(50)
Special item	**(61,242)** (12)	-	-	-	(16,500) (5)	-	-	-	-
Total governmental activities	**(42,617)**	19,045	17,825	18,870	1,541	14,784	13,936	12,309	12,709
Business-type activities:									
Other taxes	**-**	-	-	-	-	-	275	254	259
Gain on sale of capital assets	**-**	-	-	-	-	-	835	-	-
Transfers	**(442)**	(371)	484	483	456	595	116	110	50
Total business-type activities	**(442)**	(371)	484	483	456	595	1,226	364	309
Total primary government	**$ (43,059)**	$ 18,674	$ 18,309	$ 19,353	$ 1,997	$ 15,379	$ 15,162	$ 12,673	$ 13,018
Change in Net Assets									
Governmental activities	**$ (61,845)**	$ 6,205	$ 11,665	$ 8,164	$ (15,563)	$ 2,668	$ (636)	$ (580)	$ 6,529
Business-type activities	**(32)**	(328)	836	665	733	677	396	142	217
Total primary government	**$ (61,877)**	$ 5,877	$ 12,501	$ 8,829	$ (14,830)	$ 3,345	$ (240)	$ (438)	$ 6,746

NOTES: (1) 2006 capital grant revenues and general government expenses include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) This amount was reclassified from other categories in 2007 to more accurately report the activity.

(3) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

(4) Interest income increased due to the increase in cash and investments resulting from the general obligation bond proceeds to be used for construction.

(5) The special item is the payment of bond proceeds to the City Schools of Decatur.

(6) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.

(7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.

(8) City Schools of Decatur contributed nearly $6 million of construction on City owned assets. The contributions vary year to year primarily due to the projects being undertaken by the City's school system.

(9) 2009 was the first year which the City recorded the Other Post-Employment Benefits liability, and a majority of the costs are allocated to the public safety function.

(10) A large portion of the Conference Center assets were fully depreciated in FY 2008 and the debt was paid in full during FY 2009, thus incurring less in interest expense.

(11) In 2009 the City Schools of Decatur used the 2007 bond proceeds to begin large construction projects on City owned assets, which are reported as contributions from the School System.

(12) In May 2011 the City of Decatur transferred title to all of the capital assets related to the schools to the City Schools of Decatur. There was no compensation provided by the School District and therefore the City reports a loss for this activity.

CITY OF DECATUR, GEORGIA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST NINE YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2003	$ 10,322	$ 1,047	$ 219	$ 752	$ 373	$ 12,713
2004	9,848	1,034	261	820	400	12,363
2005	11,287	1,067	250	844	408	13,856
2006	11,847	1,254	579	909	454	15,043
2007	14,456 (1)	1,227	608	951	544	17,786
2008	14,852	1,354	662	992	405	18,265
2009	14,585	1,364	641	1,016	383	17,989
2010	15,135	1,377	617	1,006	388	18,523
2011	14,571	1,466	694	977	420	18,129

NOTE: (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

CITY OF DECATUR, GEORGIA

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2011	(2) 2010	2009	2008
General fund				
Reserved	**$ -**	$ 23	$ 391	$ 11
Unreserved	**-**	7,670	6,300	7,203
Nonspendable - prepaids	**88**			
Assinged:				
Greenspace acquisition	**12**			
Fiscal year 2012 operations	**1,295**	-	-	-
Unassigned	**6,965**	-	-	-
Total general fund	**$ 8,360**	$ 7,693	$ 6,691	$ 7,214
All other governmental funds				
Reserved	**$ -**	$ 14,985	$ 13,095	$ 17,131
Unreserved, reported in:				
Special revenue funds	**-**	1,560	1,475	623
Capital projects funds	**-**	1,884	1,560	2,356
Nonspendable - prepaids				
Prepaids	**1,157**	-	-	-
Advances	**343**	-	-	-
Restricted:				
Capital construction	**17,566**	-	-	-
Equipment purchases	**705**	-	-	-
Debt service	**3,949**	-	-	-
Law enforcement	**12**	-	-	-
Public safety	**331**	-	-	-
Tourism	**81**	-	-	-
Committed:				
Tree preservation	**40**	-	-	-
Children and youth services	**1,023**	-	-	-
Assigned:				
Cemetery operations	**41**	-	-	-
Equipment purchases	**1,425**	-	-	-
Total all other governmental funds	**$ 26,672**	$ 18,429	$ 16,130	$ 20,110

NOTE: (1) The increase in 2007 is the result of fund balance reserved for capital projects to be funded by the 2007 general obligation bonds.
(2) The City implemented GASB Statement 54 in fiscal year 2011.

2007	2006	2005	2004	2003	2002
$ 64	$ 10	$ -	$ -	$ -	$ -
6,224	5,524	5,689	6,144	6,476	4,923
-	-	-	-	-	-
-	-	-	-	-	-
$ 6,288	$ 5,534	$ 5,689	$ 6,144	$ 6,476	$ 4,923
$ 19,952 (1	$ 1,193	$ 1,425	$ 922	$ 539	$ 725
482	347	(1)	-	-	-
542	1,578	1,314	545	450	327
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 20,976	$ 3,118	$ 2,738	$ 1,467	$ 989	$ 1,052

CITY OF DECATUR, GEORGIA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2011	2010	2009	2008
Revenues				
Taxes	**$ 18,323**	$ 18,748	$ 17,912	$ 17,789
Licenses and permits	**730**	481	440 (8)	758
Intergovernmental	**891**	784	448 (9)	2,323
Fines and forfeitures	**1,039**	767	512	485
Charges for services	**2,732**	2,682	2,312	2,264
Interest income	**55**	110	307	1,081
Other revenues	**465**	318	452	391
Total revenues	**24,235**	23,890	22,383	25,091
Expenditures				
General government	**6,523**	5,836	5,804	5,327 (5)
Education	**-**	-	10 (10)	561
Public safety	**8,406**	8,430	8,667	8,074
Public works	**3,171**	3,139	3,080	2,976
Recreation	**2,679**	2,745	2,827	2,035
General services	**-**	-	-	-
Non-departmental	**-**	-	-	-
Capital outlay	**4,639**	3,502	4,182	4,023 (6)
Debt service				
Principal retirements	**2,198**	1,546	259	323
Interest and fiscal charges	**1,644**	1,623	1,592	1,472 (7)
Cost of issuance	**271**	140	-	-
Total expenditures	**29,530**	26,961	26,421	24,791
Excess of revenues over (under) expenditures	**(5,294)**	(3,071)	(4,038)	300
Other financing sources (uses)				
Proceeds from capital leases	**-**	-	-	235
Issuance of long-term debt	**13,760**	5,900	-	-
Premium on bond issuance	**-**	101	-	-
Proceeds from sale of capital assets	**3**	-	18	7
Transfers in	**9,936**	1,446	2,268	830
Transfers out	**(9,494)**	(1,075)	(2,752)	(1,314)
Total other financing sources (uses)	**14,206**	6,372	(466)	(242)
Special item	**-**	-	-	-
Net change in fund balances	**$ 8,911**	$ 3,301	$ (4,504)	$ 58
Debt service as a percentage of noncapital expenditures	**15.42%**	14.18% (11)	8.32%	8.64%

NOTE: (1) 2006 capital grant revenues include grants received from the U.S. Department of Transportation for MARTA transit station improvements.

(2) The increase in 2007 is due to additional property taxes resulting from an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

(3) The City entered into additional capital leases and issued general obligation bonds during fiscal year 2007.

(4) The special item is the payment of bond proceeds to the City Schools of Decatur.

(5) General governmental expenditures no longer include Marta Station improvements; this project was ongoing during the 2006 and 2007 fiscal years, but was completed in the 2007 fiscal year.

2007	2006	2005	2004	2003	2002
$ 17,796 (2)	$ 15,133	$ 13,845	$ 12,477	$ 12,281	$ 11,474
603	721	354	517	398	410
3,179	3,693 (1)	1,701	1,105	1,855	1,966
575	653	523	530	821	736
1,867	1,542	1,321	1,473	1,404	1,260
710	312	188	40	35	66
287	1,155	190	554	350	293
25,017	23,209	18,122	16,696	17,144	16,205
8,353	8,518 (1)	4,733	4,085	3,175	1,903
751	693	777	458	545	445
7,793	7,736	7,585	6,948	6,545	5,636
2,663	2,839	2,821	2,592	2,290	1,874
1,752	1,656	1,525	1,777	1,683	1,705
-	-	-	-	-	307
-	-	-	-	883	760
1,373	3,597	692	401	385	2,260
316	262	189	309	415	404
543	108	101	25	36	31
-	-	-	-	-	-
23,544	25,409	18,423	16,595	15,957	15,325
1,473	(2,200)	(301)	101	1,187	880
596 (3)	186	210	123	167	750
33,245 (3)	2,810	-	-	-	-
253	-	-	-	-	-
1	24	8	32	11	1
722	1,338	1,018	1,012	535	499
(1,178)	(1,933)	(1,135)	(1,122)	(903)	(552)
33,639	2,425	101	45	(190)	698
(16,500) (4)	-	-	-	-	-
$ 18,613	$ 225	$ (200)	$ 146	$ 997	$ 1,578
3.87%	1.70%	1.64%	2.06%	2.90%	3.33%

(6) The increase is due to to the City expending more of the 2007 bond proceeds for capital improvements.

(7) Interest expenses increased, as the interest payments on the 2007 bonds began during January 2008.

(8) In 2009 the downtown in the economy caused the sales of building license and permits to decrease.

(9) In 2008 the City completed large projects which were funded with Department of Education and FEMA gra These grants were not available in 2009.

(10) The DOE no longer offered funding to the City, due to federal budget cuts.

(11) In 2010 the City issued new notes which increased the debt service expenditures without increasing expenditures as the proceeds were given to the component unit and recorded as a note receivable.

CITY OF DECATUR, GEORGIA

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS

(modified accrual basis of accounting)

(amounts expressed in thousands)

Fiscal Year	Property Tax	Franchise Tax	Sales Tax	Insurance Tax	Other Taxes	Total
2002	$ 9,220	$ 973	$ 222	$ 695	$ 364	$ 11,474
2003	9,894	1,048	219	752	368	12,281
2004	9,962	1,034	261	820	400	12,477
2005	11,276	1,067	250	844	408	13,845
2006	11,937	1,254	579	909	454	15,133
2007	14,466 (1)	1,227	608	951	544	17,796
2008	14,376	1,354	662	992	405	17,789
2009	14,508	1,364	641	1,016	383	17,912
2010	15,360	1,377	617	1,006	388	18,748
2011	14,766	1,466	694	977	420	18,323

NOTE: (1) The increase in 2007 is the result of an increase in the debt service millage rate associated with the issuance of the 2007 general obligation bonds, as well as an increase in the assessed value of taxable property due to growth in the City.

CITY OF DECATUR, GEORGIA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE - ALL TAXABLE PROPERTY
LAST TEN YEARS

(amounts expressed in thousands)

Fiscal Year	Real Property		Personal Property	Public Utility	Motor Vehicle
	Residential	Commercial			
2002	$ 673,407	$ 118,285	$ 27,168	$ 18,873	$ 45,076
2003	717,014	118,420	24,720	19,072	45,728
2004	749,985	130,434	20,235	18,947	43,735
2005	793,501	136,194	18,825	13,856	42,108
2006	875,442	168,160	19,274	14,737	43,698
2007	928,728	159,836	17,578	18,633	47,268
2008	964,144	159,731	18,346	16,893	49,015
2009	996,485	165,632	20,385	16,474	50,081
2010	1,000,018	162,993	20,649	15,989	46,120
2011	993,586	158,863	21,086	13,590	46,724

Source: Dekalb County, Georgia Board of Tax Assessors

Source: City of Decatur Revenue Division

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
$ 136,982	$ 745,827	1.114	$ 1,491,654	50.00%
146,406	778,548	1.087	1,557,096	50.00%
141,854	821,482	1.166	1,642,964	50.00%
142,197	862,287	1.166	1,724,574	50.00%
164,790	956,521	1.264	1,913,042	50.00%
157,384	1,014,659	1.266	2,029,318	50.00%
157,384	1,050,745	1.266	2,101,490	50.00%
118,900	1,130,157	1.266	2,260,314	50.00%
122,579	1,123,190	1.266	2,246,380	50.00%
125,110	1,108,739	1.262	2,217,478	50.00%

CITY OF DECATUR, GEORGIA

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS
(Per $1000 of Assessed Value)
LAST TEN YEARS

Calendar Year	City of Decatur, Georgia			Dekalb County	School District	Downtown Development Authority	State	Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage		Operating Millage	Operating Millage		
2002	1.057	0.057	1.114	37.26	1.961	0.038	0.25	40.623
2003	1.030	0.057	1.087	37.81	2.024	0.038	0.25	41.209
2004	1.109	0.057	1.166	38.81	1.965	0.038	0.25	42.229
2005	1.112	0.054	1.166	38.71	1.905	0.038	0.25	42.069
2006	1.110	0.154	1.264	38.71	1.895	0.038	0.25	42.157
2007	1.122	0.144	1.266	39.30	1.890	0.038	0.25	42.744
2008	1.122	0.144	1.266	39.30	1.990	0.038	0.25	42.594
2009	1.122	0.144	1.266	39.30	1.990	0.038	0.25	44.110
2010	1.122	0.144	1.266	40.09	1.990	0.038	0.25	44.900
2011	1.130	0.132	1.262	44.44	2.090	0.038	0.25	49.342

Source: City of Decatur Tax Department and Dekalb County

CITY OF DECATUR, GEORGIA

PRINCIPAL TAXPAYERS
CURRENT AND NINE YEARS AGO
(amounts expressed in thousands)

Taxpayer	2011 Taxable Assessed Value	2011 Rank	2011 Percentage of Taxable Assessed Value	2002 Taxable Assessed Value	2002 Rank	2002 Percentage of Taxable Assessed Value
DeVry, Inc.	$ 5,750	1	0.52 %	$ -	-	- %
N G One West Court LLC	5,675	2	0.51	-	-	-
Lexington Decatur, LLC	5,644	3	0.51	2,814	5	0.38
Decatur Plaza, LLC	5,350	4	0.48	-	-	-
DCP Renaissance Investments	4,930	5	0.44	-	-	-
Bell South Communications	4,917	6	0.44	7,572	1	1.02
DCP Decatur Investors, LLC	4,667	7	0.42	-	-	-
Ashton Park Trace Apartments	4,530	8	0.41	-	-	-
DTC Partners	3,690	9	0.33	-	-	-
Noble I Decatur, LLC	3,655	10	0.33	-	-	-
Decatur Towncenter Association	-	-	-	4,168	2	0.56
Dawson Decatur Redevelopment, LLC	-	-	-	3,676	3	0.49
Ackerman Decatur LP	-	-	-	3,189	4	0.43
Prime Bank	-	-	-	2,811	6	0.38
Bask Decatur Hotel, LLC	-	-	-	2,064	7	0.28
Deck-Decatur Court, LLC	-	-	-	2,008	8	0.27
Park Trace Properties	-	-	-	1,958	9	0.26
Avery Properties	-	-	-	1,820	10	0.24
	$ 48,808		4.40 %	$ 32,080		4.30 %

Source: City of Decatur Revenue Division

CITY OF DECATUR, GEORGIA

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
(amounts expressed in thousands)

Tax Year*	Total Tax Levy (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	$ 19,948	$ 10,451	52.4%	$ 9,497	$ 19,948	100.00%
2002	21,936	10,067	45.9%	11,869	21,936	100.00%
2003	24,746	11,092	44.8%	13,641	24,733	99.95%
2004	25,960	11,732	45.2%	14,228	25,960	100.00%
2005	26,397	12,335	46.7%	13,906	26,241	99.41%
2006	30,568	12,185	39.9%	18,337	30,522	99.85%
2007	31,135	11,274	36.2%	19,709	30,983	99.51%
2008	33,106	14,364	43.4%	18,678	33,042	99.81%
2009	35,153	15,442	43.9%	19,436	34,878	99.22%
2010	34,807	16,709	48.0%	17,823	34,532	99.21%

NOTES: (1) Includes all taxes levied for the General Fund, Board of Education Fund, Debt Service Fund, Capital Projects Fund and the Decatur Downtown Development Authority Fund.

* Taxes are billed twice a year in April and October for the calendar year. The billing in April is an estimated billing based on the prior years assessed values. The ten year presentation above is for completed tax years only.

CITY OF DECATUR, GEORGIA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Note Payable	Capital Leases	Notes Payable	Capital Leases			
2002	$ -	$ -	$ 1,320	$ -	$ 1,002	$ 445	$ 4,838	$ 7,605	1.43%	$ 419
2003	-	-	1,320	-	754	365	4,471	6,910	1.30%	381
2004	-	-	1,320	-	324	270	3,416	5,330	1.00%	294
2005	-	-	1,320	-	345	170	2,811	4,646	0.87%	256
2006	-	-	4,090	-	308	62	2,165	6,625	1.24%	365
2007	33,245 (2)	-	3,995	-	682	-	1,484	39,406	7.40%	2,171
2008	33,245	-	3,900	-	690	-	892	38,727	7.27%	2,134
2009	33,245	-	3,800	-	530	-	98	37,673	7.07%	2,076
2010	32,970	-	3,695	4,900	364	-	66	41,995	7.55%	2,217
2011	32,615	13,760	3,585	3,300	231	-	34	53,525	7.46%	2,768

(1) See the Demographic and Economic Statistics for personal income and population data.
(2) The City issued general obligation bonds in fiscal year 2007.

CITY OF DECATUR, GEORGIA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE YEARS

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2007	$ 33,245	$ 1,198	$ 32,047	1.58%	$ 1,766
2008	33,245	921	32,324	1.54%	1,781
2009	33,245	501	32,744	1.45%	1,804
2010	32,970	598	32,372	1.44%	1,709
2011	32,615	649	31,966	1.44%	1,653

(1) See the Schedule of Assessed Value and Estimated Actual Value - All Taxable Property for property value data.

(2) See the Demographic and Economic Statistics for population data.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

CITY OF DECATUR, GEORGIA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2011
(amounts expressed in thousands)

	Net General Obligation Debt Outstanding	Percentage Applicable to City of Decatur (1)	Amount Applicable to City of Decatur
Overlapping General Obligation Debt:			
Dekalb County			
General obligation debt	$ 331,305	4.688%	$ 15,531
Capital leases	3,181	4.688%	149
Certificates of participation	18,930	4.688%	887
Intergovernmental contracts	91,715	4.688%	4,300
Fulton Dekalb Hospital Authority	200,060	4.688%	9,379
Total overlapping debt	645,191		30,246
City direct debt:			
General obligation debt	32,615	100.000%	32,615
Revenue bonds	13,760	100.000%	13,760
Capital leases	231	100.000%	231
Notes payable	3,300	100.000%	3,300
Certificates of participation	3,585	100.000%	3,585
	53,491		53,491
Total direct and overlapping debt	$ 698,682		$ 83,737

Source: Assessed value data used to estimate applicable percentages provided by the Dekalb County Finance Department. Debt outstanding data provided by Dekalb County Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Decatur, Georgia. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

CITY OF DECATUR, GEORGIA

LEGAL DEBT MARGIN INFORMATION
LAST FIVE FISCAL YEARS
(amounts expressed in thousands)

	Fiscal Year				
	2007	2008	2009	2010	2011
Debt limit	$ 117,204	$ 120,813	$ 124,906	$ 124,437	$ 123,385
Total net debt applicable to limit	32,047	32,324	32,744	32,372	31,966
Legal debt margin	$ 85,157	$ 88,489	$ 92,162	$ 92,065	$ 91,419

Assessed Value	$ 1,108,739
Add back: exempt real property	125,110
Total assessed value	1,233,849
Debt limit (10% of total assessed value)	123,385
Debt applicable to limit:	
General obligation bonds	32,615
Less: Amount set aside for repayment of general obligation debt	(649)
Total net debt applicable to limit	31,966
Legal debt margin	$ 91,419
Total net debt applicable to the limit as a percentage of debt limit	25.91%

Note: Under state finance law, the City's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

The City did not have any general obligation debt outstanding prior to fiscal year 2007.

CITY OF DECATUR, GEORGIA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Fiscal Year	Population (1)	Personal Income (in thousands)	Per Capita Personal Income (1)	Median Age (1)	Percentage of Population Age 25 and Older with Greater then 12 Years of Formal Schooling (3)	School Enrollment (2)	Unemployment Rate (4)
2002	18,147	$ 532,850	$ 29,363	36	75%	2,521	4.1%
2003	18,147	532,850	29,363	36	75%	2,568	4.1%
2004	18,147	532,850	29,363	36	75%	2,499	4.1%
2005	18,147	532,850	29,363	36	75%	2,487	4.1%
2006	18,147	532,850	29,363	36	75%	2,514	4.1%
2007	18,147	532,850	29,363	36	75%	2,535	4.1%
2008	18,147	532,850	29,363	36	75%	2,484	4.1%
2009	18,147	532,850	29,363	36	75%	2,715	10.6% (5)
2010	18,942	556,194	29,363	36	88%	2,635	8.7%
2011	19,335	717,909	37,130	37	91%	2,821	10.7%

(1) Source: U.S. Census (available every tenth year)

(2) Source: Provided by City of Decatur School Board

(3) Source: U.S. Census and Department of Community Affairs

(4) Source: U.S. Census and Department of Labor

(5) With the recent decline in the economy, unemployment rates across the county have seen significant increases.

CITY OF DECATUR, GEORGIA

PRINCIPAL EMPLOYERS
CURRENT AND FIVE YEARS AGO

	2011			2006		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Dekalb County Government	1,659	1	N/A %	1,100	1	N/A %
The City Schools of Decatur (education)	558	2	N/A	481	2	N/A
Agnes Scott College (education)	390	3	N/A	400	3	N/A
Emory University (satellite offices)	365	4	N/A	239	4	N/A
City of Decatur	205	5	N/A	206	5	N/A
DeVry University	169	6	N/A	-	-	N/A
McCurdy & Candler	253	7	N/A	74	9	N/A
Decatur Hospital	175	8	N/A	178	6	N/A
Columbia Theological Sem	96	9	N/A	116	8	N/A
WellsFargo	45	10	N/A	-	-	N/A
Third Millennium	-	-	N/A	50	10	N/A
Allied Systems	-	-	N/A	175	7	N/A
	3,915		N/A %	3,019		N/A %

Source: Various City departments

Note: Information for principal employers prior to 2006 is currently not available.

N/A - Information not available

CITY OF DECATUR, GEORGIA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2011	2010	2009	2008	2007	
Function						
General government	**28**	27	24	28	29	
Public safety						
Police						
Officers	**44**	42	41	33	34	(2)
Civilians	**14**	13	16	18	15	(2)
Fire						
Firefighters and officers	**40**	39	38	39	39	
Highways and streets						
Engineering	**14**	14	14	13	13	(2)
Maintenance	**25**	20	24	28	27	(2)
Sanitation	**18**	15	19	13	17	
Culture and recreation	**17**	16	18	19	16	
Total	**200**	186	194	191	190	

Source: City of Decatur department records

Notes: (1) In 2002, engineering personnel were moved to maintenance.

(2) The decrease in 2007 represents position vacancies which occurred during fiscal year 2007, but were not filled until after year end.

2006	2005	2004	2003	2002	
28	25	25	21	22	
53	50	51	52	53	
27	29	28	27	29	
39	40	40	39	39	
20	20	19	19	20	(1)
39	34	36	36	34	(1)
17	17	15	15	16	
18	17	18	14	17	
241	232	232	223	230	

CITY OF DECATUR, GEORGIA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2011	2010	2009	2008	2007
Physical arrests	**1,321**	1,363	1,054	1,179	1,308
Parking violations (1)	**10,971**	14,186	9,554	11,411	4,230
Traffic violations	**9,567**	13,112 (2)	6,820	5,563	8,454
Fire					
Number of calls answered	**2,958**	2,755	2,975	2,927	2,552
Inspections	**546**	764	1,023	971	884
Highways and streets					
Street resurfacing (miles)	**1.14**	0.80	0.71	-	-
Potholes repaired	**35**	92	38	35	40
Sanitation					
Refuse collected (tons/day)	**27.20**	27.80	28.00	36.70	42.28
Recyclables collected (tons/day)	**22.30**	22.53	18.25	13.67	10.58
Culture and recreation					
Athletic field permits issued	**180**	185	169 **	209	542
Community center admissions (3)	**23,104**	20,190	13,008	14,409	5,081

Source: City of Decatur Departments

N/A - Information not available

(1) During 2008, the City hired four additional PAL employees and implemented new electronic ticketing equipment; during 2010 additional employees were hired to increase monitoring of parking violations.

(2) A motorcycle traffic division was added during 2010.

(3) Operations have increased over the past few years due to new programs resulting in increased admissions.

* City of Decatur recreation program Trac Program started in March 2004.

** The number of permits issued decreased due to construction at Glenlake Park facilities.

2006	2005	2004	2003	2002
1,874	1,655	1,758	1,869	1,455
5,699	4,126	N/A	N/A	N/A
8,011	8,195	9,129	6,991	4,154
2,430	2,353	2,200	2,551	2,216
370	427	278	213	N/A
-	0.65	0.75	1.65	1.65
48	24	31	34	30
46.43	46.91	49.93	51.64	52.48
11.92	10.40	10.98	10.89	8.95
608	642	513 *	N/A	N/A
6,135	6,268	4,143 *	N/A	N/A

CITY OF DECATUR, GEORGIA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

	2011	2010	2009	2008	2007
Function					
Public safety					
Police					
Stations	**1**	1	1	1	1
Patrol units	**37**	37	37	37	35
Fire stations	**2**	2	2	1	2
Sanitation					
Collection trucks	**10**	10	9	9	8
Highways and streets					
Streets (miles)	**62**	62	62	62	62
Culture and recreation					
Parks acreage	**66.7**	66.7	66.7	64.7	56.5
Parks	**14**	14	14	13	13
Swimming pools	**3**	3	3	3	3
Tennis courts	**9**	9	9	9	11
Community centers	**3**	3	3	3	2

Source: Various City departments

Note: Capital asset indicators are not available for the general government function

2006	2005	2004	2003	2002
1	1	1	1	1
35	40	42	40	36
2	2	2	2	2
7	7	7	7	7
62	62	62	62	62
56.5	56.5	56.5	56.5	56.5
13	13	13	13	13
3	3	3	3	3
11	11	11	11	11
2	2	2	2	2